FINANCIAL TIMES

No. 27,196 Monday February 14 1977 ***12p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.15; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE Fr.3.0; GERMANY DM2.0; ITALY L.500; NETHERLANDS Fl.2.0; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Pts40; SWEDEN Kr.3.25; SWITZERLAND Fr.2.0; EIRE 12p

NEWS SUMMARY

GENERAL

PLO offers deal on Israel

Palestine Liberation Organisation would be prepared to establish a state on territory vacated by Israel as part of a peace settlement on the basis of non-belligerency, according to a document reportedly handed in Dr. Bruno Kreisky, the Austrian Chancellor.

Kreisky said last night: it is a crucial new element leading to recognition in fact ... is now up to the Israeli Government to respond to the initiative." Back Page

Cyrus Vance, the U.S. Secretary of State, begins a six-day tour of the Middle East with the aim of bringing Arabs and Israelis back to the conference table some time this year.

Jones accuses Treasury

Treasury is accused of trying to impede through a statutory ... policy in the summer of ... which, if it had succeeded, would have been a civilian coup against the Government." The charge is made by Mr. Jones ... Sir Harold Wilson's Press secretary, in his book The Politics of Power published to-day. Back Page

Cyprus talks

... intercommunal negotiations under the direct auspices of Kurt Waldheim, the UN Secretary General, are to resume ... towards the end of ... in a bid to secure a ... settlement following ... Turkish invasion. Back Page ... Editorial Comment, Page ...

Cattle rescued

... than 900 cattle, trapped in ... for 12 days on a crippled ... off Fishguard, West ... during a dispute over ... rights, have been transferred to two Dutch ships for ... journey to Libyan slaughter ... The bullocks were ... after the Prime Minister ... Mr. Edward Bishop, Agriculture Minister of State, to ... gate.

Cover-up victim

... Defence Minister, Mr. ... Sowper, has resigned after ... criticism of the military ... extension. In South ... talks aimed at uniting the ... Opposition political parties broken down.

Police killing

... reserve policeman was ambushed and shot dead as he ... his car into the gateway ... home at Clough Mills, Co. ... In Belfast, a business... was unharmed after a ... and bomb attack on a ... in Antrim Road. The Irish Government is refusing to allow ... Dugdale and kidnapper ... Gallagher to leave their ... to wed. IRA guns, Page 5

Scottish review

Conservative Party is to review Scotland's regional and district councils, which it set up ... in office four years ago. Teddy Taylor, Shadow Scottish Secretary, said that if a ... had been made in 1973 ... could be rectified. It was ... to do so rather than ... Scotland in a degree ... of self-government which could ... our nation and its ...

Bushfire toll

... and bushfires in three Australian States — Victoria, South Australia and Tasmania — have killed five people and wiped out at least 3m. sheep and 80,000 ... Worst-hit State was ... where the fires were ... worst for eight years. Page 4

Sunday banking

Bank Leumi (U.K.) has become the first British bank to open on Sunday. Its branch at Golders Green, London, where there is a large Jewish population, is now operating normal business hours between 10.30 and 12.30. Men ... Matters, Page 10

... which puts a foot in Europe's back door ... talisman for the small investor

BUSINESS

Output incentive urged by Villiers

● BRITISH STEEL chairman, Sir Charles Villiers, is pressing the Government to allow productivity deals in manufacturing industry in phase three of the pay policy. He believes that British Steel could raise output from existing plant by 10 per cent. if only it were permitted to offer its workers the necessary incentives. Back Page, Page 32

● CBI leaders will meet Mr. James Callaghan to-morrow for talks on the Bullock report on industrial democracy. Three months of intensive consultations between the Government and both sides of industry will follow — to try to find a formula for acceptable legislation. Back Page

● UNEMPLOYMENT could rise to 2.5m. in 1982 unless the Government adopts more expansionary policies, says the Henley Centre for Forecasting. But in sharp contrast, the Economic Models group of forecasters see a brighter future for the U.K., with unemployment falling below 1m. in 1979. Page 5

Fiesta orders outstrip production

● CAR DEALERS have received more than 16,000 orders for the new Ford Fiesta since it went on the market less than two weeks ago. But most customers will have to wait at least a month for their cars, as demand is outstripping production. Page 5

● OTHER motor industry news: COMMERCIAL VEHICLE sales, which showed a recovery late last year, suffered a sharp reversal last month. Sales were down nearly 8 per cent. on a year ago. Page 5

RENAULT car prices go up by an average of 5.5 per cent. from to-day, two months after a 6 per cent. rise. But dealers can sell cars already in their showrooms at the lower prices.

FORD MOTOR company in the U.S. is preparing for the eventual resignation of Mr. Henry Ford II as chairman. Mr. Ford, who will be 60 this year, says he may retire before 65. Page 4

Protests over phone cuts

● TELECOMMUNICATIONS manufacturing industry will be disrupted to-day as thousands of employees stop work to protest against cuts in Post Office orders for telephone exchange equipment. Workers will march through London and lobby MPs. Page 32

● ELECTRICAL SHOPS have been failing to make enough profit, says a report by the Radio, Electrical and Television Retailers' Association. Page 5

● NATIONALISED industries have had better industrial relations than they are generally given credit for, according to a report by the National Economic Development Office. Page 32

● PLANNING APPEALS should be dealt with more quickly in cases such as factory building which affect the production of wealth, according to a report by a committee headed by Sir Frank Layfield. Page 32

● FARMLAND prices levelled out in the second half of last year, after rising nearly 30 per cent. in the first six months. Page 5

● WHITE CHILD AND BENEY, fighting off a bid from Arthur Guinness — due to close to-day — has offered to find buyers for Guinness's stake at a price slightly below the current offer of 65p. Page 28

OVERSEAS

● BRAZIL has awarded a £37m. contract to Davy Ashmore International for a blast furnace plant. Page 6

● DUTCH employers and unions to-day are expected to approve an agreement which could pave the way for an end to the country's spate of strikes. Page 4

FEATURES

ON OTHER PAGES

For latest Share Index 'phone 01-246 8026

As clamour grows for return to free collective bargaining . .

TUC pay policy talks resume on Wednesday

BY ELINOR GOODMAN AND ALAN PIKE

TUC economic committee members will on Wednesday resume consideration of future pay policy in an atmosphere which has changed abruptly from questions of what form phase three should take to whether the policy itself will hold together after August. The sensitivity of the Government's pay talks may also spill over into the question of future prices policy.

The broad view of many senior trade union leaders after several hectic days is that the balance at present is still in favour of another phase of incomes policy being successfully negotiated, although probably not before the Budget and not without some significant new concessions from the Government on unemployment and public spending cuts.

Clamour for a return to free collective bargaining was joined at the week-end by the executive of the Association of Scientific, Technical and Managerial Staffs, which voted 23—1 in favour of the move.

Engineers in British Airways European division added their voices to the call for an end to wage restraint and a delegate conference of 66,000 Yorkshire miners can be expected to do so to-day.

Their president, Mr. Arthur Scargill, said yesterday that nearly 12 pits had submitted critical resolutions to to-day's conference and there was little doubt that delegates would "angrily oppose any extension of a Government incomes policy."

However, the case for continuation of pay policy after phase two expires in July also found its supporters during the week-end.

Mr. Alan Fisher, general secretary of the National Union of Public Employees, appealed to fellow-union leaders to wait and see what was on offer before committing themselves, even individually, to opposing a further year of incomes policy.

Although he will personally face many resolutions critical of the way voluntary pay restraint has progressed at his union's conference later this year, Mr. Fisher warned that abandoning some form of pay controls now would inevitably lead to a free-for-all in which the "ones with the most muscle" got the most. "That is not what the trade union movement is about."

Mr. Fisher's pleas for calm was echoed last night by two of his colleagues on the TUC general council, Lord Allen—chairman of the economic committee—and Mr. Tom Jackson, moderate general secretary of the Union of Post Office Workers.

Lord Allen, speaking after the executive of his Union of Shop, Distributive and Allied Workers had yesterday re-affirmed support for TUC policy, said. "We stand four-square behind TUC policy."

Firm support for a third phase of pay policy also came from the executive of the 100,000-strong Institution of Professional Civil Servants.

The question of prices policy is inextricably bound up with the pay talks. The TUC regards prices policy as just one part of the total package it wants from the Government in return for wage restraint.

But if, as has been expected, the Government were to publish its proposals this week for replacing the present Price Code with a more flexible system in the summer, prices policy could be thrust into prominence at a delicate stage of the Government's negotiations with the unions.

The Government has to walk the tightrope between persuading the unions that the new system of control is a more effective way of curbing excessive prices than the Price Code and reassuring the CBI that it recognises the need to improve industrial profitability.

The Government's difficulty is

Continued on Back Page

Leyland stewards seek equal seats on Board

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LEYLAND CARS shop stewards are to demand equal representation on the Board of the State-owned company. This is expected to be one of the principal recommendations after a 12-month experiment in worker participation now up for review.

For despite the satisfaction of both management and unions at the way the much-heralded scheme has operated, there are serious question marks over its future.

Feeling is growing among senior stewards that it is necessary to get total commitment to the experimental project or abandon it completely.

Shop-floor leaders feel the situation cannot continue where major plants, like Jaguar, Triumph and Rover, have for various reasons withdrawn.

It is believed that representatives of all 90,000 manual workers must be involved to make participation a success.

Breakdown of the participation project would certainly add to the troubled industrial relations problems of the company in the forefront of shop-floor pressure against pay restraint.

To-day nearly 14,000 workers will be idle as a result of a series of strikes which have halted production of the award-winning Rover 3500 and the Jaguar, Triumph, Mini, Maxi, Marina and Princess cars.

The only Leyland models in production are the TR-7, Allegro and MG.

Trouble mounts

The number of workers made idle is likely to climb during the week as disruption mounts, mainly as a result of the dispute at the Castle Bromwich body factory, where 1,300 workers are on strike over dismissal of 32 painters for refusing to switch jobs without redundancy pay.

The main challenge to Leyland is posed by toolroom workers threatening an all-out strike from Friday for separate bargaining rights to restore their wage differentials. The action has already been condemned by Mr. Hugh Scanlon, president of the engineering workers' union.

Management, already confronted by a chaotic negotiating structure of 170 separate bargaining units, cannot afford to concede without opening the floodgates to demands from other skilled workers.

Feelings among Leyland trade unionists about the unofficial action are mixed, and it is questionable how much backing the strike call will get.

In a significant setback for the unofficial body set up to co-ordinate the militant action by Leyland toolrooms the chairman, Mr. Frank Barran, has been deposed as shop steward by his colleagues at Solihull.

The issue will come to a head to-morrow when some 600 senior stewards representing the total 170,000 British Leyland workers will meet to consider how to mount a campaign against pay policy and the social contract.

World is fed up with Britain's problems says Dell

FINANCIAL TIMES REPORTER

A STRONG warning against relying on the goodwill of other countries as a way out of the U.K.'s economic troubles was delivered at the week-end by Mr. Edmund Dell, Secretary for Trade.

In a remarkably blunt and sharply-worded speech Mr. Dell attacked the view that the world had to save Britain because it could not afford to see her sink.

"We should not conduct our policies on the assumption that the world is in love with us and our problems. They are fed up with us and our problems."

Mr. Dell, delivering the Rita Hinden Memorial Lecture, said that since the Nixon measures of 1971 there had been a partial return to mercantilism.

"Mercantilism expresses the belief that international trade is a kind of war in which it is better to win than to lose. You win by having a surplus and lose by having a deficit."

For example, the present negotiations on air services between the U.K. and the U.S. should be seen as "a battle between two nationalisms in which a form of free trade is the weapon of American nationalism because American civil aviation is very powerful."

But he noted that U.S. devotion to free trade did not extend to reducing tariffs to EEC levels, or to adopting the GATT anti-dumping code.

"These days, in industrial trade, they seem to prefer a strong dose of nationalism to an outright commitment to free trade."

Mr. Dell was equally critical of the Japanese. While effectively protecting their home market they developed industries whose exports descended on the more mature industrial countries "rather like the Golden Horde."

They were unwilling to accept compensating imports from the countries whose markets they had invaded.

The world was working towards a kind of balance of protection between major trading groups. While there was still a general desire to foster interdependence in the interests of peace and prosperity, this was in conflict with "mercantilist" attitudes tending to divide the world.

He was not optimistic that this conflict would soon be resolved.

Less tolerance

The lesson for the U.K. was that "to-day there is far less tolerance for our economic vagaries." Instead of "hawking our weaknesses round the world and attempting to borrow with menaces," it was time we learned to look after ourselves.

Other countries would listen to us if we ourselves were strong. "The tolerance of our friends will never be so active as in the cod to countervail either their own interests or the hostility of the market.

"We should not put our trust in princes, even democratically elected ones of a social democratic hue. The market will operate according to its normal custom."

Mr. Dell complained of the tendency to rely on foreign borrowing to sustain a level of consumption which, he said, the country was not earning, especially after the 1973 oil price increase.

"It is better to be solvent than to keep up with the Joneses. It is even possible that if we concentrated on being solvent, we might then actually be able to keep up with the Joneses."

Import controls provided no escape from "this harsh, Hobbesian world." The main rule of international trade was that "to survive you have to be able to compete."

North Sea oil would not eliminate the need to rectify the defects of manufacturing industry, "and rectify them in the only place where they can be rectified to practice, the place of work."

It was essential to maintain a trade surplus in manufactured goods, as well as in oil and invisibles. That might be difficult because of the effect of the oil surplus on the exchange rate, but West Germany had shown that price competitiveness need not be the decisive factor.

Britain's objective would be a continuing balance-of-payments surplus "We will have to show our respect for interdependence by continuing, from a stronger economic base, to fertilise the world with overseas investment."

In putting the economy on a sound footing, "we should not expect too much" from Government policy.

"The source of economic growth is more likely to be in the vigour of industrialists, the co-operation of labour forces, than in the devices of Government."

Editorial comment, Page 10

Farm price talks to-day

BY ROBIN REEVES BRUSSELS, Feb. 13.

EEC Agriculture Ministers start a two-day Council meeting here to-morrow to give their first reactions to the Brussels Commission's farm price proposals for the coming year.

The proposals call for an average rise of less than 3 per cent. in common EEC prices, but bigger increases for Britain through a 6.3 per cent. devaluation of the "green pound," the mechanism used for EEC agricultural purposes to try to insulate common farm prices and trade from the effects of currency instability.

A devaluation of 6.3 per cent. would raise guaranteed prices to British producers by that amount and cut the monetary compensatory subsidies paid by the EEC on many U.K. food imports by an estimated 8 per cent. from the present level of 33.6 per cent., or over £1m. a day.

In addition, certain U.K. farm and food prices stand to be boosted still further by the last two stages of transition to full EEC prices as laid down in Britain's accession treaty.

These moves, due on April 1 and next January 1, add a further 7.5 per cent., bringing the average net rise in U.K. guarantee prices over the next 12 months to 15-16 per cent.

However, Commission officials stress that, because actual market prices are in many cases above guaranteed levels, the overall impact on the U.K. cost of food index would be only 1.9 per cent. The effect on the cost of living index, they say, would be only 0.7 per cent.

The Commission's proposals were described as "modest and prudent" by Mr. Finn Gundelach, the Brussel's Farm Commissioner, when he disclosed them on Saturday.

Mr. Silkin: stubborn resistance.

Honoured

He was in no doubt that the package honoured consumer interests in the EEC's controversial Common Agricultural Policy. Indeed, if accepted by Ministers, it would, he said, represent a considerable effort by the farming "community" towards beating inflation and economic instability.

He noted that the European farmers' organisation itself was calling for 7.4 per cent. The Commission's package presupposed that other economic sectors would do their part. "Otherwise, I would feel I had been betrayed."

The Commission's price proposals are of course the subject of negotiation and Mr. John Silkin, U.K. Farm Minister, has already achieved notoriety as a result of his stubborn resistance to any "green pound" devaluation since he took office six months ago.

But continued intransigence will be more difficult in the context of an EEC price review which he will be chairing and in which most other member States are also being asked to make adjustments in their "green" rates.

This is in order to help restore a unified EEC market in farm products and reduce trade distortions.

The Commission has gone to some lengths to try to cushion the most stark U.K. increase in prospect—that of butter prices—by offering to put up a large sum of money from the common farm fund to subsidise retail butter prices.

The offer is on condition that the "green pound" is devalued and the Treasury makes some contribution to the subsidy. But if taken up in full, Mr. Gundelach said, U.K. butter prices could be held at their present level.

The present U.K. butter price is £997 a ton. It is due to rise to £1,380 a ton by next January 1, but on the uptake of all subsidy opportunities could be held at £1,000 a ton, at a cost of only £75 a ton to the U.K. Exchequer.

Mr. Gundelach described the build-up of EEC dairy stocks as "alarming." He suggested the 1m. tonnes of skim milk powder and 250,000 tonnes of stockpiled butter could double over the next year unless Ministers accept the Commission's [illegible] action programme which has been made an integral part of the prices package.

John Cherrington, Agriculture Correspondent, writes: British Government tactics at this first meeting will be to stick to the hard line that Mr. Silkin has taken all along over the devaluation of the "green pound."

He is likely to demand that Community prices are frozen, on the grounds that they are too high enough already in terms of the ability of consumers to pay. British farmers will in any case benefit from the eliminating of the last two transitional stages for milk, beef and grain, which will have the effect of raising the intervention and threshold prices for these products by between 6 and 15 per cent. by the end of the year.

Kuwait may back oil price deal

By Anthony McDermott

KUWAIT, Feb. 13.

THERE ARE indications here that Kuwait would like a compromise with Saudi Arabia and the United Arab Emirates on an oil price increase of about 7½ per cent. for 1977.

If other members of the Organisation of Petroleum Exporting Countries agree this could end the present two-tier system of oil prices. This was created by the decision of the majority of OPEC members to raise their prices by 10 per cent., with a further 5 per cent. rise in July, in the face of Saudi and UAE determination to stick to a 5 per cent.

Nothing has been formally announced here about the Government's view, and to-night officials denied that any agreement had been read.

Kuwait would not be able now, anyway, to move unilaterally. However two low-keyed articles in the local Press seemed to indicate the country's unhappiness with the two-tier price system.

To-day the daily Al-Watan took up a report in yesterday's Al-Qabas that OPEC had decided to hold a special meeting of Ministers before that scheduled for Stockholm in July. Al-Qabas reported that agreement had already been reached on new prices, but did not specify them. It said that the deal would be announced at this meeting.

Kuwaiti oil officials have been saying this week that there will be no advance meeting and no price changes before July. However, rumours of a compromise have been gathering strength following Qatar's efforts to mediate a compromise.

Saudi Arabia is reported to have rejected one proposal that it and the UAE should bring their increase into line next July with the 10 per cent. of the majority, which would then waive its additional five per cent.

Speculation

Kuwait's oil customers here have been told recently to keep up their liftings according to their contracts, which will be priced retroactively.

Richard Johns writes: Kuwait, which suffered a 44 per cent. drop in production in January, is reckoned to be the Gulf producer most anxious for a settlement and most amenable to bringing the common increase down to a level amounting to a Saudi victory.

Whatever the flexibility in Kuwait's position, the chances of Iran and Iraq agreeing to any general cut below the 10 per cent. level are reckoned to be non-existent at present. Both countries see the issue as one of principle and the Shah of Iran, in particular, would not be prepared to "lose face" by compromising.

LOMBARD

The lost art of arithmetic

BY IAN DAVIDSON

A LOT of jolly unfair criticism has been directed against the Labour Party, and it's unfair not because it's wrong or unfounded, but because it is beside the point. It is time the party's critics got things into perspective.

Some of them blame the left wing of the party for its demented obsession with absurd and ruinous nostrums like nationalisation; others decry the lily-livered good taste of the right wing. Some deplore the party's tendency to aggravate the natural oscillations of two-party government (so-called), while others lament the slavish obedience of the party backs to the party whips inside Parliament, and to the constituency associations outside it. None of these criticisms go to the heart of the matter. The real trouble with the Labour Party is that, severally and collectively, it can't count.

Now many languages have idiomatic terms to indicate a very large but imprecise number, and the differences between these idioms may give a crude indication of the numeracy of the respective societies. In English the phrase "a thousand and one" (or alternatively "thousands") can be used to indicate this large, vague number. The French, whose culture is essentially literary rather than mathematical, confer the same kind of sense on the number 36. For the ancient Romans, 600 was the number beyond which it was not worth counting. It is debatable whether the Labour Party's level of numeracy is more akin to the French or to the Romans: what is clear is that the party cannot count up to 635.

Vagueness

It's all very curious. After all, there is only one number which a Member of Parliament really has to grapple with. He can leave it to the Treasury to demonstrate vagueness about numbers running into billions. All the MP has to concentrate on is the number of seats in the House of Commons; ideally, he should also be able to perform, with consistent accuracy, the operation 635 divided by 2+1.

That is what political power is all about. It is not about economic growth, helping the needy, labour relations or sex discrimination. It is about 635 over 2+1. Politicians are in business for one purpose and one purpose only: getting and keeping political power. What they actually do with it is essentially marginal to this central aim.

Michael Oakeshott, in a commentary on the political philosopher Thomas Hobbes, put it rather well. "Politics, we know, is a second-rate form of human activity, neither an art nor a science, at once corrupting to the soul and fatiguing to the mind, the activity either of those who cannot live without the illusion of affairs or those so fearful of being ruled by others that they will pay away their lives to prevent it." Now you can't say fairer than that. But the curious thing is that the Labour Party is showing very little talent for preventing it, even should the faithful be prepared to pay away their lives: the party seems to have taken the view, until quite recently, that it doesn't even need to be able to count.

More elusive

To outside observers it has been obvious for several years that the rise of the Scottish National Party just might deprive the Labour Party of the possibility of ever again being able to win a majority of seats in the House of Commons. But the Labour Party was very slow to grasp the arithmetical significance of the SNP, and the Devolution Bill now being poked at the House of Commons can only make matters, from the narrow point of view of the Labour Party, worse than before.

It is not, of course, intended to improve democracy, encourage the national identity of the Scots, or provide better government all round. It is intended to save the Labour Party's position at Westminster. But the net result of what is being proposed—leaving aside the question of whether it will improve democracy, encourage the national identity etc.—can only be to make, for the Labour Party, the magical number 635 over 2 + 1 more elusive than ever.

Should there be proportional representation in Scotland? Then surely there must also be proportional representation in England, and that's about for Labour. If first-past-the-post stays for the Scottish Assembly, perhaps that will be good for the SNP and bad for Labour. A denial of real fiscal powers to the Assembly in Scotland would play into the hands of the SNP; granting real fiscal powers would render unanswerable the case for reducing Scotland's over-representation in Westminster, which would undermine Labour's national position.

The unrolling of the drama will provide a fascinating spectacle for many weeks and months to come. Most fascinating of all is the sight of a party, which didn't think it needed to, desperately learning to count.

THE WEEK IN THE COURTS

Miami Beach affair and assurance

BY JUSTINIAN

THE insurance world might feel well pleased with the Court of Appeal's dismissal at the end of last month of the appeal of the former Labour Minister, Mr. John Stonehouse. More than a year ago, when the stipendiary magistrate had refused to commit Mr. Stonehouse on the insurance charges, there was a worry that a certain type of fraud on insurance companies might go unpunished by the criminal law. At the Old Bailey the Crown put the charges back in the indictment, the trial judge refused to follow the precedent of the magistrate, and the jury convicted Mr. Stonehouse of the offence.

At the Central Criminal Court Mr. Justice Eveleigh had told the jury that if they found that Mr. Stonehouse had faked his "death by drowning" on Miami Beach, dishonestly intending that Mrs. Stonehouse should thereafter make a claim against insurance companies in respect of life insurance policies, and obtain the insurance money in due course, then Mr. Stonehouse committed the crime of attempting to obtain property by deception. The magistrate had thought that the act of feigning death by drowning was too remote from the obtaining of money by deception.

History

The history of the fraud dates back to the summer of 1974. Preparatory to his disappearance in the false name of James Markham, Mr. Stonehouse signed proposal forms sent by five separate insurance companies—Canada Life, Norwich Union, Phoenix, Yorkshire and Royal—in respect of life insurance applied for by his wife on his life. Mrs. Stonehouse effected five separate policies on Mr. Stonehouse's life, since she had an insurable interest in his continued existence. The policies were all short term—for five years only. The total amount insured on all five policies was £125,000.

If the insurance companies had had any inkling of Mr. Stonehouse's intention to disappear, they would never have issued the policies. That conduct would have permitted the Crown to charge Mr. Stonehouse with the offence of obtaining a pecuniary advantage, namely, the policies of insurance, by deception. The Crown did not, presumably because the evidence was insufficiently clear to show that there had been a deception perpetrated on the insurance companies. Instead of charging under Section 16 of the Theft Act, 1968, the Crown charged him with the offence of attempting to obtain the benefit of the policies by deception, which is an attempt to contravene Section 15 of the Theft Act. The way it was put by the prosecution was that on November 20, 1974, Mr. Stonehouse dishonestly attempted to enable Mrs. Stonehouse to obtain the insurance moneys, by falsely pretending that he had drowned, so that the benefit payable under the policies had become payable by the insurers.

Before Mr. Stonehouse's reappearance in Australia, some few weeks later, no claim was made (nor was any attempt made to claim) on any of the insurance companies by Mrs. Stonehouse. And, of course, no claim has ever been made. But what would have happened had Mr. Stonehouse's disappearing trick been rather more successful, in that he managed not to be spotted and arrested for many more months or years?

Mrs. Stonehouse, whom the Court of Appeal specifically acknowledged as an entirely innocent party to the deception alleged against Mr. Stonehouse, might have fairly concluded, after a sufficient lapse of time, that her husband had indeed drowned by accident in the Atlantic, and as a result have made a claim upon the insurance companies. Every insurance company puts into the terms of its policies a clause that reserves to its directors the right to say whether the proof of death is satisfactory. Moreover, most policies contain a provision that a suicide within the first year of the policy invalidates the policy.

It is quite conceivable that none of the five insurance companies would have been persuaded to meet any claim. The usual method of proving death is to produce a certificate of death by the relevant public authority: in this case some document from the Florida registry of deaths in that state would have been necessary. In the absence of a certificate a claimant can go to the courts and ask for a declaration of presumption of death. The law presumes death after someone has remained dead for more than seven years. But that would have been long after the policies had lapsed, since they were to last for only five years.

The Court of Appeal held that what Mr. Stonehouse did was the crime of attempting to obtain property by deception. Hence the present contentment of the insurance world. But many lawyers think that the decision is debatable.

There is a basic rule in English law that only crimes committed within the jurisdiction of the English courts are triable here. The attempt to commit the consummated offence of enabling Mrs. Stonehouse to obtain the insurance moneys was on Miami Beach in Florida. But there are exceptions to that rule—where the act done abroad constitutes the last act of the offender. If a letter were posted in America to someone here, then the act of sending the letter is only complete when it arrives—in this country.

Publicity

The Court of Appeal said that when Mr. Stonehouse walked into the sea he knew that the eyes of the whole world were on him and that his act of disappearance would be speedily communicated to the world Press, and in particular to the newspapers in England. Therefore, his act was tantamount to communication to this country.

The second point was whether the act of disappearance came within the criminal law at all. In English law dishonest intentions are never in themselves crimes. They must be accompanied by some act which is something more than mere preparation towards the commission of crime.

If Mrs. Stonehouse had merely been an agent of her husband, by carrying out his wish that she should make the claim, even if she was wholly innocent of his intentions, then her act of claiming would have been his. But in this case the claim, if made, would have been the result of a wholly independent act of hers, and not as his agent. The Court of Appeal thought that this did not matter He had done everything he needed to do to ensure, so far as he was able to influence matters, that the claims would be made.

SOCCER BY TREVOR BAILEY

Ripe only for relegation

ALL THE limitations of English football which were so blatently exposed by Holland on Wednesday night were again evident in the match at Upton Park between relegation-haunted West Ham and Stoke City, who, on this showing must rate as the worst first- or second-division side it has been my misfortune to see for a long, long time.

With very few exceptions, the players of both elevens were sadly short of skill and imagination. They did not appear to have mastered the basic fundamentals, such as bringing a moving ball instantly under close control, centring with precision when running, passing to colleagues rather than the opposition. As pass after pass went astray it was impossible not to cast one's mind longingly back to Cruyff's imaginative and immaculate distribution.

In addition, there was also a depressing tactical naivety about the whole affair and a tendency to bunch, so that from time to time a player would fall over or bump into one of his own team.

West Ham won with a seventh-minute goal, headed by Bryan Robson after Taylor, their liveliest forward, had dribbled clear down the right-wing and crossed. Although it might be argued that he was fortunate not to have been penalised for pushing at the start of his run, the Hammers deserved their victory which would have been by a greater margin, but for the brilliance of Shilton.

He brought off a series of superb saves, including one from a close range, well-directed Radford header in the second half, which served as a reminder that England do possess a number of world-class keepers.

Otulakowski and Devonshire on either side of Brooking in mid-field were energetic and—considering their limited experience—reasonably inventive, so West Ham were able to seize the initiative and do most of the attacking.

However, it must be admitted that on the odd occasion when Stoke moved forward, their rearguard looked distinctly suspect. This is hardly a good omen for a club which needs to pick up some away points if they are to avoid relegation.

Stoke, for financial reasons, have sold several of their best players without obtaining replacements. On the evidence of this match, they appear even more irrevocably doomed to relegation than West Ham.

Remove Shilton, their two attacking wing-halves, Mahoney and Salmons, Conroy and a promising novice Crooks and they have little to offer the third division, let alone the first.

Francis back in great form

GERRY FRANCIS is alive and kicking the ball as intelligently as ever. This crumb of comfort for those concerned about the well-being of England soccer emerged from Queens Park Rangers' 1—1 draw at West Bromwich on Saturday.

It was the first senior outing this season for Francis, who had been plagued by a back injury which out-witted Harley Street but yielded to less conventional medicine. It should not be long before England's captain is back on national duty.

From the Continent has come the verdict that Rangers do not play like an English team, a comment which must be considered downright encouraging in the present state of English soccer. How on earth people can suggest municipal aid for soccer when some clubs are daft enough to splash six-figure sums on players who cannot even hold first-team places defies me, but that is by the way.

Rangers cherished the ball as if it were the last one and they wanted it to survive indefinitely. They flicked it gingerly across the Hawthorns' sand as if it were as true as a bowling green. Francis and Masson were the delicate masters of the mid-field, finding gaps and colleagues with assurance.

Albion had their own obsession with pass-making, but it was all backwards and sideways, lacking penetration. Once I counted a string of 11 West Bromwich passes that did not succeed in taking the ball into Rangers' penalty area. It was about as progressive as a game of snakes and ladders.

Francis celebrated his return with a 10th minute goal. The move started with a free-kick in Rangers' penalty area. Masson stealthily made a quick controlled break deep into Albion's half, released the ball perfectly for Francis to drive home a beautiful shot.

Rangers' control and superiority increased. So did West Bromwich's impotence. So too did Rangers' insidious belief that one goal was enough. Rangers did have their moments when they might have scored again, but framing sure shots was difficult.

Ten minutes before time, Albion won a corner on the left. Manager-captain Giles curved it across to the near side of goal and tall Wile headed in while Parkes, Rangers' goalkeeper, was baulked by a static colleague from leaping to snuff the danger. Albion thus saved a point they did not deserve.

Albion's Mulligan was booked for a tackle launched unstoppably that arrived after Thomas had released the ball. Rangers' Webb was rightly booked for playing through Cross to the ball. But, in my judgment, referee A. Lees (Bridgwater) who had an otherwise excellent game, despite severe disapproval by some home fans, erred in booking McLintock for time-wasting in the final minute.

James French

RUGBY BY PETER ROBBINS

Bedford dominant from start

IT TOOK BEDFORD only 11 minutes to score their first try through Wyatt, but that score—and the way it was fashioned and executed—demonstrated the gulf between Bedford and Rosslyn Park in terms of ability.

Jorden had chipped through on the left for Wyatt to re-gather, shake off two tacklers, and storm over. Not the most graceful try, but one which exuded confidence.

Jorden converted, but Ralston—after one awful miss—dropped a goal and Bedford turned round leading 6—3.

They settled the game 20 minutes later as first Wyatt and then Chinneck scored, the latter after an abortive long throw by the Park. Wyatt's try was converted by Jorden.

The best of all the tries, however, came from Vinter ten minutes before time after some extremely slick inter-passing and support.

Rarely does one see two teams in such opposite styles. Rosslyn Park have a big pack, a good hooker in Keith-Roach, and an intelligent wing-forward in Mordell. Ripley, I am sure, is not being used to maximum advantage on the flank and, while the pack won a fair share of ball, the backs used it poorly.

Pritchard was pressed by the Bedford scrum-half and Ralston's usual accuracy in the kick deserted him. Park's inability to move the ball quickly and Vinter's quick marking effectively excluded Kent from the game.

Conviction

Everything went right for Bedford and deservedly so. The basic advantage they had was their ability and conviction to counter-attack from the dreadful kicking.

Fortunately for Bedford the centres Chinneck and Vinter improved their judgment in the second half, banishing the in[illegible] decision and poorly-timed passes of their early play. They began to move the ball quickly, imitating Breakey, who made the ball do the work.

Ironically, since Bennett's departure Bedford have become a free-running side due in part to Fletcher and Breakey, who thrived on the ball won by Wilkinson at the line-out and by the avid plundering of an excellent back row. [illegible] between the two teams. Edwards, Jackson and Hollins were always at the elbow of the three-quarters.

One slight criticism and that is that Cairns, the prop, in an otherwise admirable game, spoiled the whole afternoon pushing Bignell out of the line-out. It was unproductive [illegible]

RACING BY DOMINIC WIGAN

Birds Nest should win 'match'

IN WHAT AMOUNTS to a match, Birds Nest should hold too many guns for Comedy of Errors in to-day's Wolverhampton Champion Hurdle Trial—a race in which the Turnell horse in receipt of 8 lbs beat the former Champion Hurdler by 2½ lengths a year ago.

Although I cannot subscribe to the view that the ten-year-old Comedy of Errors, the winner of almost £100,000 in prize money, has deteriorated into a shadow of his former self, it seems unlikely that he is now quite up to accounting for the in form Birds Nest on level terms.

Later in the afternoon, I shall be disappointed if the promising and lightly raced Isotip cannot take advantage of the stone he receives from Crack o'Doon in the West Park Novices Hurdle. This stablemate to Border Incident, who is likely to re-appear at Windsor in ten days, appeals as a fine each-way bet.

At to-day's other meeting, at Teesside, it will probably pay backers to go along with Gordon Richards, whose smart novice from last season, Wotdyknow, was the subject of an unsuccessful gamble in Saturday's Schweppes Gold Trophy. Here, I expect Tamdhu, Napazi and Sea Count to achieve a treble for their trainer.

Looking ahead to Saturday, Rag Trade and Zeta[illegible] steeplechasing stayers, are expected [illegible] line-up for the £10,0[illegible] Welsh Grand National [illegible] valuable race ever [illegible] Chepstow. Other r[illegible] likely to include Even [illegible] owners, the Dail[illegible] Punters Club, are a[illegible] £2,000 novices chase o[illegible] programme), Prince P[illegible] Note and Eyecatcher.

Rag Trade, on offer a[illegible] Corals, was last year [illegible] and five weeks later [illegible] pleted the double b[illegible] the Grand National at [illegible]

Chepstow's Saturday programme will also in[illegible] Clive Graham Trophy [illegible] which the winning o[illegible] receive a Waterfo[illegible] Trophy subscribed by [illegible] the extremely popula[illegible] racing journalist and o[illegible] tor, who died in 1974.

WOLVERHAMPTON
2.00—Birds Spartan
3.00—Birds Nest*
3.30—Zip Fastner
4.30—Isotip***

TEESSIDE
1.15—Tamdhu
1.45—Le Jet
2.15—Napazi**
2.45—Sea Count
3.15—Timmie's Battle
3.45—Vulcifles Treasure

TENNIS BY JOHN BARR[ETT]

Representation before reward

THIS MORNING on the two wooden-covered courts of the Palace Hotel, Torquay the British girls and the American men open the defence of the BP Cup. The girls, who have won this international under-21 team competition for the past three years, are in the green group with France and Ireland.

They are captained by the 1969 Wimbledon champion Ann Jones and led by Sue Barker of Paignton, who is among the world's top half-dozen players. She stands in third place in this year's earnings table at £18,000.

Her maximum reward in Torquay will be £45 in winning bonuses, but she has always put national representation ahead of financial rewards, and believes that the pressure of being expected to win helps her development.

The other two Britons are Michele Tyler and Jo Durie, of Bristol, third member.

The yellow group is headed by the U.S., for which the national junior champion Lynn Epstein and Zenda Liess will probably play singles with Paula Smith as third member.

The British men's captain, Paul Hutchins, national team manager, was faced with a problem yesterday when national junior champion Andrew Jarrett cut his right palm when he fell on a training run. Hutchins called on the under-16 champion Jeremy Dier to stand by as replacement. A final decision will be made before matches at 9 a.m. to-day.

Britain's other likely [illegible] who won the BP Trophy in December at Queen's. The third is Tony Lloyd, youngest of the three brothers.

Admiral's Cup trial set for June

THE ROLL CALL at the Royal Ocean Racing Club last week, when yacht-owners who intend to compete for the three places in the British Admiral's Cup team were invited to discuss the trials, sounded like a guest list at a CBI dinner. John Prentice, of Willis Faber, will race Battlecry. The captain of the successful 1975 team, Robin Aisher, of Marley, will race Yeoman. Sir Max Aitken, Knockout, Ron Amey, Noryema, Edward Heath, Morning Cloud, Donald Parr, from the textile industry, Quailo.

Nineteen owners, or their representatives, gave notice of their intentions but gave else away about their yacht training plans. It was agreed to hold trials until June.

The race to Deauville, a one in the RORC calendar, the club's Jubilee event, plans to hold a further tri[illegible] the way home from Deau[illegible] were dropped.

After lively discussion it decided to hold two long mile offshore trials, a co[illegible] vertical race round the Isle of Wight, and three other sp[illegible] interspersed through June.

Alec Bei[illegible]

TV Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 a.m. Open University (UHF only). 9.38 For Schools, Colleges. 10.45 You And Me. 11.00 For Schools, Colleges. †12.45 p.m. News. 1.00 Pebble Mill. 1.45 The Flumps. 2.01 For Schools, Colleges. 3.15 Songs of Praise. 3.53 Regional News (except London). 3.55 Play School. 4.20 It's the Wolf. 4.25 Jackanory. 4.40 Blue Peter. 5.05 John Craven's Newsround. 5.15 It's Our Turn! 5.35 Paddington.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide including Pigeonhole.
6.50 Ask the Family.
7.15 Poldark.
8.10 Panorama.
9.00 News.
9.25 The Monday Film: "Up Pompeii," starring Frankie Howerd.
10.55 To-night.
11.35 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—1.45-2.00 p.m. Pili Pala. 2.18-2.38 For Schools: Let's Look At Wales. 5.55-6.20 Wales To-day. 6.50-7.15 Heddiw. 11.35 News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 10.55-11.30 Public Account. 11.30 News and Weather for Scotland.

Northern Ireland—2.18-2.33 p.m. For Schools. 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South-West (Plymouth).

BBC 2

11.00 a.m. Play School.
3.00 p.m. Contact.
3.30 The Education Debate
4.00 Signs of Trouble.
5.20 Open University.
7.00 News on 2 Headlines.
7.05 Wordpower.
7.30 Newsday.
7.45 The Master Game.
8.15 The Mike Reid Show.
9.00 Headmaster.
9.50 The Age of Uncertainty.
10.45 Centre Play.
11.15 Late News on 2.
11.25 Open Door.
11.55-12.00 Closedown: Ronald Pickup reads "Monogamy," by Gerald Gould.

LONDON

9.30 a.m. Schools Programmes. 12.00 . . . And Maisy Too. 12.10 p.m. Rainbow. 12.30 Wish You Were Here . . .? 1.00 News plus FT index. 1.20 To-day's Post. 1.30 Indoor League. 2.00 Good Afternoon. †2.25 Monday Matinee: "So Long at the Fair," starring Jean Simmons and Dirk Bogarde. 3.50 Emmerdale Farm. 4.20 Clapperboard. 4.45 Children of the Stones. 5.15 Batman.
5.45 News.
6.00 To-day.
6.45 Opportunity Knocks!
7.30 Coronation Street.
8.00 The Cuckoo Waltz.
8.30 World In Action.
9.00 Charlie's Angels.
10.00 News.
10.30 What's On Next?
11.15 Help!
†11.20 People and Politics.
†12.20 a.m. Close: Sandra Freeman reads from William Blake's Songs of Innocence and of Experience.

All ITV Regions as London except at the following times:—

ANGLIA

12.30 p.m. Out of Town. 1.25 Anglia News. 2.00 Houseparty. †2.25 Monday Matinee: "So Long at the Fair." 4.20 The Romper Room. 5.15 Run, Joe Run. 6.00 About Anglia. 10.30 Monday Late Film: "Corruption" starring Peter Cushing. 12.10 a.m. Reflection.

ATV MIDLANDS

12.30 p.m. The Amazing World of Kreskin. 1.20 ATV Newsdesk. 2.25 Mystery Movie Matinee: Banacek. 5.15 Survival. 6.00 ATV Today. 10.30 Two's Company. 11.00 Platform For Today. 11.45 Wait Till Your Father Gets Home. 12.15 a.m. Ian Knox.

BORDER

12.30 p.m. The Boris Day Show. †1.20 Border News. 2.00 Houseparty. 2.25 Monday Matinee: "Small Miracle" starring Vittorio De Sica. 5.15 Supersonic. 6.00 Border News and Lookaround. 6.35 Garnock Way. 10.30 Rising Damp. 11.00 Taodarra. †11.57 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 2.25 The Monday Matinee: Banacek. 5.15 David Niven's World. †6.00 Channel News. †6.10 Speak Out. 10.30 Which Craft: Honiton Lace, Dorset Buttons and Hairpin Crochet. 11.00 The Collaborators. †11.55 Channel Gazette followed by News and Weather in French.

GRAMPIAN

9.25 a.m. First Thing. 12.30 p.m. The Amazing World of Kreskin. 1.20 Grampian News Headlines. 2.25 Beryl's Lot. 2.55 Marcus Welby, M.D. 5.15 Happy Days. 6.00 Grampian Today. 6.10 Top Club. 10.30 The Monday Movie: "Belle Starr" starring Randolph Scott and Gene Tierney. 11.55 Reflections.

GRANADA

12.30 p.m. The Amazing World of Kreskin. 1.20 Take Kerr. †2.25 Monday Matinee: "The Great Man Votes" starring John Barrymore. 3.50 Cartoon. 5.15 Elephant Boy. 6.00 Granada Reports. 10.30 Phyllis. 11.00 Reports Politics. 11.30 Homicide. 12.25 a.m. Thank You And Goodnight—Bernard Wrigley—singer, comedian and raconteur.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Out of Town. 2.30 Garnock Way. 2.55 The Zoo Gang. 4.45 The Georgian House. 5.15 Star Maidens. 6.00 Report West. 6.22 Report Wales. 10.35 The Savage West: "The Hills Run Red."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 2.00-2.30 Ramadeo. 6.00-6.22 Y Dydd. 8.30-9.00 Yr Wythnos.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.22-6.45 Report West.

SCOTTISH

†1.25 p.m. Road and Weather Report. 2.00 Houseparty. 2.25 Beryl's Lot. 2.55 Marcus Welby M.D. 5.15 What's Your Problem? 6.00 Scotland Today. 6.35 Crimedesk. 10.30 Peter Straker In Concert. 11.00 Late Call. 11.05 TV Movie: "Moon of the Wolf" starring Bradford Dillman.

SOUTHERN

12.30 p.m. Survival. 1.20 Southern News. 2.00 Houseparty. 2.25 Mystery Movie: Tenafly. 5.15 Garnock Way. 6.00 Day by Day. 10.30 Wish You Were Here . . .? 11.00 Phyllis. 11.30 Southern News Extra. 11.40 The World of Faith. 11.45 Farm Progress.

TYNE TEES

9.25 a.m. Starting Point. 12.30 p.m. On the Light Side. 1.20 North East News and Lookaround. †2.25 The Monday Film Matinee: "Murder Ahoy," starring Margaret Rutherford. 3.50 Phyllis. 5.15 Emmerdale Farm. 6.00 Northern Life. 6.40 Police Call. 10.30 Wish You Were Here? 11.00 Champions! 11.30 Elaine, the Singer the Song. 12.00 Epilogue.

ULSTER

1.20 p.m. Lunchtime. 2.00 See You Monday. †2.30 Monday Matinee: "Traitors Gate," starring Albert Lieven. 3.48 Ulster News Headlines. 5.15 Garnock Way. 6.00 Ulster Television News. 6.05 Mary Tyler Moore Show. 6.30 Reports. 10.30 Monday Night. †10.35 Movie Macabre: "The Haunting," starring Julie Harris and Claire Bloom. 12.30 a.m. Bedtime.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 The Monday Matinee: Banacek. 5.15 David Niven's World. 6.00 Westward Diary. 6.20 Sports Desk. 10.30 Which Craft? (Honiton Lace, Dorset Buttons, and Hairpin Crochet). 11.00 Westward Late News. 11.03 The Collaborators. 11.55 Faith for Life.

YORKSHIRE

12.30 p.m. Kodiak. 1.20 Calendar News. 1.30 The Mary Tyler Moore Show. †2.25 Monday Film Matinee: "The Smallest Show on Earth," starring Virginia McKenna and Bill Travers. 3.50 Houseparty. 5.15 Emmerdale Farm. †6.00 Calendar (Emley Moor and Belmont editions). 10.30 Wish You Were Here . . .? †11.00 The Monday Night Film: "Naked Fury."

RADIO 1 247m

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Paul Burnett including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 Newsbeat. 6.02 John Dunn (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1500m only (also 202m Scotland). 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 You've Got to be Joking. 7.30 Alan Dell with finals of the National Rehearsal Band Competition (S). 9.02 Humphrey Lyttelton with "The Best of Jazz" (S). 10.02 Sports Desk. 10.05 Star Sound. 11.02 Michael Meech with The Late Show (1500m only, also 202m Scotland, VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

‡ Medium Wave only

‡6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Handel (S). 9.55 Talking About Music (S). 10.25 Weber, concert, part 1 (S). 11.05 Interval Reading. 11.10 Weber, part 2. 11.45 BBC Scottish Symphony Orchestra (S). 1.00 p.m. News. 1.05 BBC Lunchtime Concert (S). 2.15 Matinee Musicale (S). 3.15 French Organ Music (S). 3.55 Cello and Piano, recital (S). 4.55 Bandstand (S). 5.25 Atarah's Music Box (S). 5.45 Homeward Bound (S). ‡6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Lifelines: Home and Family. 7.30 Judi Dench and Michael Williams celebrate the Feast of St. Valentine (S). 8.00 BBC Symphony Orchestra, part 1: Schoenberg (S). 8.20 On and Off the Camera. 8.40 Concert, part 2: Bruckner (S). 10.05 Sir John Gielgud and Sir Ralph Richardson in conversation with Martin Jenkins. 11.05 Bach Cantata No. 126 (S). 11.25-11.30 News.

Radio 3: VHF only—6.25-7.00 a.m. and 6.05-7.30 p.m. Open University.

RADIO 4 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Week. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today including Sports News. Today's Papers and 7.25 (VHF) Regional News. 7.45 Thought for the Day. 8.00 News and more of Today including 8.25 (VHF) Regional News. 8.35 John Ebdon with the BBC Sound Archives. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. †10.05 Wildlife. 10.30 Daily Service. †10.45 Morning Story. †11.00 News. †11.05 Any Questions? †11.50 Announcements. 12.00 News. 12.02 p.m. You and Yours. 12.27 Desert Island Discs. †12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (‡ from 2.00) including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre. 4.35 Story Time. 5.00 PM Reports. †5.50 Financial Report, VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Hello Cheeky. 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.30 The Monday Play (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.40 Today in Synod. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 To-day in Parliament. 11.3[illegible] News.

For Schools (VHF only) 10.05 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Tony Fish with Rush Hour. 9.00 Weekly Echo. 9.30 Richard Vaughan with London Live. 11.03 Jenny Thompson and Diana Rice with in Town. 12.03 p.m. Call In including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 Susie Barnes with Home Run. 6.00 Look, Stop, Listen. 7.30 Jenny Thompson and Diana Rice with In Town (as 11.03 a.m.). 8.30 Breakthrough. 10.03 Late Night London. 12.00-Close: As Radio 2.

London Broadcasting 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "A.M." —breakfast-time show. 10.00 Brian Hayes. 1.00 p.m. Newswatch. 8.00 Newsbreak. 8.00 Music with Edward Heath. 8.30 Music in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour through the night.

Capital Radio 194m and 95.8 VHF

6.00 a.m. Breakfast Show. 9.00 Michael Aspel. 12.00 Cash On Delivery. 3.00 p.m. Roger Scott's Three O'clock Thrill. 7.00 London Today. 7.30 Open Line. 9.00 Your Mother Wouldn't Like It. 11.00 Tony Myatt's Late Show. 2.00-6.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,305

ACROSS

1 Twice as expensive—what a pity (4, 4)
5 Prefaces one quarter in the concerts (6)
9 The dim C.O. must become orderly (8)
10 Huts for two ducks in a Swiss resort (6)
12 A generous handicap is a surprise to the virtuous (4, 5)
13 A proverb we get time after time (5)
14 "—— is the spur that the clear spirit doth raise" (Milton) (4)
16 The fruit of multiplication (7)
19 Highly coloured sort of trout (7)
21 Sounds an average expression (4)
24 Meaning the doctor is not quite fit (5)
25 "What a man thinks of himself . . . determines or rather —— his fate" (Thoreau) (9)
27 A child must put on the ancient tunic (6)
28 A thousand to the sick 1 rule out—it is a measure of pressure (8)
29 Old Bob finds river employment for his wife (6)
30 They get her in short trousers—the cats! (8)

DOWN

1 The injury puts years on mother (6)
2 A god about you is the creator (6)
3 Refuse direction in bed (5)
4 A soldier gets the gallery upset (7)
6 Set up the master part in rambling discourse (9)
7 Mob a curé maybe in old York (8)
8 Is inclined to believe they are helping the police with their inquiries (8)
11 Favourites line up for promotion (4)
15 Shot with a crossbow (9)
17 Yields there are advantages about a dictator (8)
18 He may well come from Manila (8)
20 and 22 Holiday period established in Kent resort (10)
21 Island for one in a crazy epoch (7)
22 See 20.
23 An extra large flag for the ancient god (6)
26 Copper allowed to see the back of a diamond (5)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

A succession of radio monarchs: Richard Burton, the Narrator of Radio 4's 'Vivat Rex' on the left, with John Hurt (Edward II), Keith Michell (Edward III), Derek Jacobi (Richard II), Robert Hardy (Henry IV) and Martin Jarvis (Prince Hal, afterwards Henry V)

adio 4

Vivat Rex by ANTHONY CURTIS

ast night we heard the ning salvo in the radio ma department's salute to the ilee, *Vivat Rex*. This has n described as "a dramatic onicle of the English crown ough 200 years of its bloodiest tory by the Elizabethan playghts, Shakespeare, Marlowe contemporaries." It will end over 26 weeks and the racts, which each last for ut an hour, are linked toher by Christopher Whelen's rtial music and a narration oken in a voice as rich as own treacle by Richard rton. Many of the episodes ll be taken from the frequently rformed historical plays of akespeare but others will ne from dramatic works, such *Thomas of Woodstock* (an ller play than Shakespeare's out Richard II) and *Perkin Warbeck*, honoured more by scholars than producers.

It is an ambitious project, adapted and produced by Martin Jenkins, and it will be fascinating to see at the end of it all what kind of a pattern has been traced. To be sure much royal and loyal blood will have been spilt, many appallingly tyrannical decisions will have been implemented, but at the same time we should have listened to a great debate about Right and Wrong, and observed the evolution of a unique system of power-sharing. Last night in *The King's Favourite* we began with Marlowe's *Edward II*, a king who has been active on the theatrical fringe ever since William Poel staged a revival in 1903 with Harley Granville-Barker in the name part.

The action spiritedly put across by an experienced team under the direction of Martin Jenkins took us to the point where Gaveston, the King's minion, is captured by the rebel lords, and the balance of power between the wanton, isolated monarch and the purposeful peers about to shift.

Marlowe's mighty line in this play has a silvery sound. "My men like satyrs gazing on the lawns, shall with their goat-feet dance so antic hay"—to quote its best-known lines, spoken by Gaveston. The role was given plenty of resonance by James Laurenson, bleeding arrogance and frivolity, teasing the ear of the listener with his transitory glory. John Hurt as the infatuated monarch had the inflexibility of someone in the grip of an exclusive passion. Between them these two left us in *no* doubt as to its strength and its disastrous consequences for the common weal.

Sarah Badel was the spurned queen and she managed in her more down to earth manner to suggest that here was a love that needed only a tiny sprinkling of encouragement in order to burgeon. The anti-Gavestop faction was in the hands of trusty radio-performers - like Mark Dignam, John Shrapnel and Cyril Luckham.

If the whole episode made a queer and somewhat arbitrary start to a long view of the workings of the monarchy, one must no doubt remind oneself that this is early days and there are many kings to come. Moreover who is to say that the capriciousness of patronage is an outmoded subject lacking high drama even in this day and age?

May Fair

Dusa, Fish, Stas and Vi by B. A. YOUNG

I was away when this play by Pam Gems opened at Hampstead, and I am delighted to be able to write about it now on its transfer.

The title is not (as far as I can see) an anagram of some mystic rune; it is simply the names of four young women who share a flat. Dusa has just divorced her husband and spends most of the play worrying about her children, whom she left with her mother but who have now been taken away without consent by her husband. Fish's ex-husband has taken up with another woman and Fish longs for him back. Stas (short for Anastasia) is a nurse by day and a whore by night, with shoplifting in between: not because she is evil by nature but because she wants to make enough money to go to Hawaii and study marine biology. Vi is into Buddhism and anorexia nervosa.

The development of the play can be described in Beckett's phrase, "Quelquechose suit sa course." The four several situations work themselves out to predictable ends in a kind of pointilliste landscape of short scenes; of comings and goings and telephone calls. Nancy Meckler, the director, applies extra dabs of colour by separating the scenes with quite long pauses in which pop records or phone-in radio programmes play to establish the mood.

No man can say how women behave on their own; probably it is not quite so nerve-wracking as it seems here, for Miss Gems shows only the high points of the graph, leaving out the routine business of eating, sleeping (except in neurotic sleep) and dusting. At any rate it all seems most natural, each individual problem presented with understanding and twined around the others just enough to provide dramatic coherence but not more. I think the author owes a good deal to Miss Meckler for having blended her constituents with such neatness that the four fairly slight elements make a good sturdy drama.

The playing of all four is very good. Mary Maddox as Vi, the skinny Cockney girl, rockets from apathy to galvanic intoxication after three days in hospital have restored her normal eating habits. She even gets a job, as a Traffic Warden ("I hate cars," she comments menacingly). Diane Fletcher's Stas remains a sane, practical girl no matter how oddly directed her practicality—stealing champagne or fox-fur coats or gratifying her clients as well as seeing to the wellbeing of her patients and her friends.

Fish's unstable temperament is well displayed by Alison Fiske with a nervous edge to her most apparently normal behaviour; and at the other edge of the spectrum Dusa's ineluctably maternal nature is presented with beautiful restraint by Brigit Forsyth in one of those performances that owe their power to the moderation with which the emotions are shown.

The sitting-room of the flat, all white but a long way from Syrie Maugham, is designed by Tanya McCallin. I couldn't believe that it would be kept quite so tidy. It must have been Stas's doing.

oldsmiths' Hall

Cécile Ousset by DAVID MURRAY

lle. Ousset is a phenomenon, l shall not insult her by talk- about "woman pianists." It shock, certainly, to find that handsome Delilah-figure perns like Samson, but she is l and foremost a thinking uoso. The programme she ed for the City Music Society Thursday was heroically ing and brilliant (and she vered it without leaving platform except for the erval), but her apparently xhaustible power was not re astounding than the ence of any harsh or ly sound. And very few nists sound so unremittingly poseful, as if every single sage is the vital result of a sidered and settled decision. hat made itself powerfully even when her readings left m for sober argument: in a vily impassioned version of ire's serene and noble Sixth turne, and an ungraciously ttle Mozart sonata. She ws herself very little obvious ato, but she made an impos- edifice of Chopin's B-flat nor Sonata by compounding al measures of gravity and llience, and throwing an gled light on a few key ments—a sudden, anxious p in the first subject, for mole. With all the motor ergy of the Scherzo, there was no hint of percussive clatter; and though it was easy to guess that she would be splendid in the final Presto, one might not have foreseen the ingenious placing of small accents which kept perceptible patterns evolving in the torrent.

The Debussy Etudes she played were marvellously liquid and iridescent, but pianists who can manage such colouring rarely support it with anything like Mlle. Ousset's sovereign rhythmic control, and the unique calm assurance it engenders. "Pour les arpèges composées" even hinted at a shy sense of humour, though her famously dazzling account of the preposterous "Etude en forme de valse" of Saint-Saëns still excludes any tongue-in-cheek. But the robust and furious humours of Prokofiev's op. 12 suited her uncannily: headlong, infectious and *farouche*, her playing missed nothing but the second-beat bounce due to the Mazurka. A riveting evening, all in all—and as a *bonne bouche* we got the Saint-Saens Toccata, at a speed still more breathtaking than on her recording, if not so inhumanly acurate. Mlle. Ousset returns to the South Bank on Thursday week: a memorable experience is guaranteed.

Elizabeth Hall

Perlemuter by DOMINIC GILL

No one would usefully pretend that Vlado Perlemuter is as great a pianist as Rubinstein; or that he is, or ever tries to be, a pianist "like" Rubinstein. Yet the two artists are unmistakably from the same era of music, and are concerned (for all Perlemuter's irreducible Frenchness, Rubinstein's elemental Russianness) with the same musical essences. Some parallels are not unapt: there is the same attention to the broad sweep of the music, the long line; the same clarity, and economy of "special effect"—the same refusal to make the least concession to easy sentimentality. There is the same meticulous attention to the middle ground, the middle range of colouring, the nuances of mezzoforte, the median to which all extremes relate. Above all, in Perlemuter's playing at its best, there is a truly Rubinsteinian nobility: a wholeness and purity of vision which place him at moments in every recital (who should ask for more?) among the ranks of the great.

Like Rubinstein, Perlemuter also warms slowly, feels his way gradually into the evening. One sensed at the start of his all-Chopin recital on Thursday that he might be saving himself for the second half: an F minor Fantasy, elegant, almost bland, at the big climaxes, illuminated by one or two brilliant shafts of sunlight; a B minor sonata even a little prosaic in the outer movements, fined down to its simplest contours, basic gestures. But the largo was an object lesson for any pianist, every musician—shaped with relaxed, impassioned, Cortotesque eloquence, and with a rubato so natural, of such effortless vocal ease, that the melodic line seemed to grow, and flow, of itself, entirely without artifice. In the finale, Perlemuter set a careful tempo which allowed—even at times where there might ideally have been less restraint—every detail of counterpoint and harmony to breathe and speak: marvellous clarity.

Perlemuter devoted his second half to the op. 25 Etudes. His virtuoso technique, like his memory, is never perfectly reliable—but he made of each Etude none the less a journey of exploration just as exciting as keyboard fireworks. There were few misjudgments: the *con fuoco* of the F sharp minor study really does need to be taken faster; and the central *lento* section more slowly, to make its keenest dramatic effect. But the rest, if never transcendental, was masterly: the F major Etude, alive with inner conversations; the A minor, picked out in strong, delicate, translucent sonorities; the devious, Skryabinesque harmonic implications of the G sharp minor, beautifully pointed; the C sharp minor left-hand study, a shade faster than usual, like a grand serenade, sometimes a single voice, sometimes a duet.

*

In some editions of my review last Monday of two recitals in the Purcell Room given by 11 of the Greater London Arts Association's "Young Musicians '77," the name of the very talented young cellist Melissa Phelps was mis-spelled, and it was wrongly reported that she was a graduate of the Menuhin School. My apologies. It was her fellow cellist Felix Schmidt who had studied at the Menuhin School; Miss Phelps was a pupil for three years in Essen of Paul Tortelier.

St. Mary's, Primrose Hill

Saltarello Choir by RONALD CRICHTON

Richard Bernas and the choir he directs gave an excellently thought-out programme of French vocal music on Thursday (counting Josquin des Prés as stylistically if not actually a Frenchman), with mostly unfamiliar music by big names. Probably the best-known works were the Leçons de Ténèbres of Couperin and Debussy's ravishing Charles d'Orléans settings. There was a small but appreciative audience. If the Saltarello Choir intends to give more concerts in this church—pleasant and on the whole very good for choral sound—a rough sketch-map or brief directions would encourage those of us who don't live on or near Primrose Hill.

The Entertainment Guide is on Page 33

The choir is clearly in good shape. Once or twice in the Josquin motets, especially in "Planxit autem David," one felt the tone needed a sort of leaven—hard to pinpoint exactly what was missing, but there was a sort of drag on the men's tone, with quicker, more responsive attack from the women. Some of the men had their noses too much in the music, but the tenors blazed out excitingly in "De profundis." The Debussy pieces alone in the programme were too fast-moving for the church's resonance, but Mr. Bernas was right not to slow them down. The Couperin *Leçons* were expressively sung by Timothy Penrose—how much more agreeable the counter-tenor voice sounds in such a building than, say, in the Elizabeth Hall.

The flanking works were both unusual, both rewarding. Satie's *Messe des Pauvres* came after his Rosicrucian period, when he had founded an imaginary sect of his own. Milhaud rescued the surviving portions for publication after Satie's death: not all of them were given on Thursday and they were rearranged "after the manner of a French baroque organ mass." The initial "Prière des orgues" was played so softly by Ivan Fowler that people talked and unwrapped cough drops as if it were "musique d'ameublement," but the unending series of unbarred chords that look so haphazard but sound so well gradually made their effect. The "Dixit domine," thirteen chords for unaccompanied chorus, was like a burst of sudden light.

Fauré's *Messe* basse, which has been recorded but is rarely heard in concert, consists of four short movements for women's voices and organ or harmonium. It was written, some years before the completion of the Requiem, for the fisherfolk of a Normandy village called Villerville, and given in the parish church there in 1881. The original Mass was a collaboration with Messager, who contributed two movements, one of them a Kyrie now replaced by one of Fauré's—the story, or as much of it as is known, is told in J. M. Nectoux's useful book on Fauré in the illustrated pocket series *Solfèges*.

There could be no possible doubt concerning the authorship of the movements heard at this concert—Fauré at his simplest and subtlest. Some day it would surely be worth giving Messager's part as well, in the orchestration he is said to have made of the whole. Boys' voices would be ideal, but the Saltarello sopranos have that almost vibrato-less English quality which is almost as good. The soloist, Margaret Wallace, was absolutely right.

New director for Chichester

Peter Dews is to succeed Keith Michell as the Artistic Director of the Chichester Festival Theatre when Mr. Michell's contract expires at the end of this season. He will take up his duties on November 1 and spend two months working with Mr. Michell, who will then leave for a world tour.

Peter Dews has already done much work at Chichester. His productions there include *Antony and Cleopatra*, *Vivat! Vivat Regina!*, *Othello* and *The Circle*, two of which have made successful transfers to the West End.

King's Arms, Long Acre

A Planner in the Works by MICHAEL COVENEY

The first surprise in this entertaining pub cabaret is that the title is a sign of neither noisy agitprop nor amateurish presentation. The Covent Garden Community Theatre, closely linked to the Covent Garden Community Association which, since 1971, has been fighting, with some success, the planning schemes and trendy thinking that threatens to destroy the irreplaceable character of this part of London, is a spruce little outfit of four expert performers making magical, musical fun of the bureaucratic powers that be.

The argument is not doggedly pursued with reference to Covent Garden (which may disappoint some patrons) but is aimed at the whole grey concept of city planning. A little bearded God creates the world, Adam and Eve and, under pressure from the Serpent, provides a bowler-hatted (literally), two-faced planner-cum-politician who is co-trusted with building a home for the first couple.

Against a primitive backdrop, he pins representational windows and toilet facilities in the wrong places. A piece of red tape divides the home, each half defended by their respective councils in the shape of miniature daleks. Eventually God is forced back into the lists, and he achieves a humane solution on behalf of his protesting clients. Moral? Work hard at defending your citizens' rights and progress need not remain a dirty word.

This is all put across with high spirits and much enjoyable singing and playing: a powerful blues chant breaks into an up-tempo number complete with banjo, washboard and tap-dance to match; God intervenes at a housing committee meeting in a puppet box to find a tiny, bald-headed inmate throwing out proposals with a wine glass in one hand and his attention fixed on a fat puppet-stripper; the stiff-backed human planner finds his "Don't rock the boat" number sabotaged by a back-up trio singing in close harmony.

Precisely and economically staged, this highly mobile and unpretentious show (with David Brett, Tom Goddard, Marie Green and Richard Robinson) is giving performances both at lunchtime and in the evening in pubs for the rest of the month. Mostly in Covent Garden, dates are also fixed in Holborn, Chalk Farm and Trafalgar Square. Full details are available from the group at 1, Shelton Street, London, W.C.2.

Wigmore Hall

Gulbenkian winners by MAX LOPPERT

Three young musicians, winners of the 1977 Calouste Gulbenkian Foundation Music Fellowships, shared Saturday's Wigmore Hall recital. Fewer in number than the recipients of awards of the past two years, the performers proved themselves competent, thoroughly capable, not yet quite of the front rank, but each with the proper potential for development.

The most polished of them was the baritone Stephen Varcoe, already a familiar figure on the London concert platform in professional choirs and as an oratorio soloist. By means of expressive diction, a quietly poised attentiveness to the lie of the words on the vocal line, and a ready response to changes of mood, he makes unfailingly good use of a thinnish instrument, steady and forwardly placed, but with little in the way of natural vocal bloom or dramatic thrust.

In a selection of four comparatively unpopular Schubert songs, he impressed on the listener from the outset an ability to sing in German with unusual perspicacity of inflection, with fluent comprehension translated into musical imagination. The Debussy choice, the three songs comprising *Le Promenoir des deux amants*, was no less testing, no less sure, though the presentation of each phrase as a different facet of some mysteriously beautiful diamond is not to be attained without long experience. In four songs from Finzi's Hardy cycle, *Earth and Air and Rain*, restraint was taken a little too far, with results just a little Hinge-and-Bracketish that one blamed less on an intelligent young singer than on the remorseless gentility of the music. The partnership with Jonathan Alder, an unobtrusively secure accompanist, seemed exceptionally well founded.

The unmistakable gift of legato, which the first long cantabile phrase of Schubert's "An die Leier" showed Mr. Varcoe to possess, was the major flaw in the pianist Philip Martin's accounts of Field, Liszt and Britten—that, and the want of a keyboard palette beyond an all-purpose efficient monochrome. In the *Bénédiction de Dieu dans la solitude*, the big melody tended to return each time as a series of separate, emphatic accents, with limiting effect on Lisztian rapture and romance. Mr. Martin is, however, a fleet, fluent technician in fast-moving passagework—the busy brightness of Britten's early *Holiday Diary* piano suite was spiritedly conveyed with real flair in the "Funfair" movement.

At the close of an already long programme, Colin Carr had the formidable task of delivering Kodaly's long and fascinating Sonata for unaccompanied cello. His playing braved the high flourishes, the multiple stops, the fantastic "folk" embellishments, with energy; but the performance as a whole left the impression of being a victory over the music rather than an exultant re-creation of it. The opportunity for a young player to transform such an interpretation as this, from the earnest to the carefree, is presumably just what the Gulbenkian Foundation award is all about.

OVERSEAS NEWS

Rhodesia's Defence Minister resigns

By Our Own Correspondent

SALISBURY, Feb. 13.

FOLLOWING widespread criticism of recent measures extending military call-up, the Rhodesian Minister of Defence and Co-ordination, Mr. Reg Cowper, resigned this weekend.

Mr. Cowper's announcement on January 28 effectively ending deferment from call-up for men under 38, extending their commitment to cycles of 42 days in the security forces and 42 days out over the next six months, and warning that re-registration of men between 38 and 50 would soon begin prior to their conscription, appalled business and farming organisations.

The prospect that men in the 38-50 group which includes most of the executives fighting the so-called "sanctions war," would be called up brought to a head long-standing criticism of the use of manpower.

Key personnel

It has been argued that one-man businesses should receive special consideration, and that the system should take account of the damage done to the economy by calling up, for example, key personnel such as accountants for routine military duties.

The pro-Government weekly paper, the Financial Gazette, recently called for Mr. Cowper's resignation. The powerful Association of Rhodesian Industries openly rejected the new measures, saying it was not convinced that they would result in the most effective use of manpower, a view echoed by farming bodies.

In a statement announcing his resignation—which he said had neither been sought nor suggested by the Prime Minister—Mr. Cowper noted the criticism and the adverse effect on morale produced by what he called "inaccurate and exaggerated reporting." He could not ignore the implication that he might be "standing in the way of Rhodesia's salvation in the real and economic wars."

Increasing strain

It had been a rapid rise and fall from power for Mr. Cowper, 44, who until his resignation was one of the most powerful men in Government. He replaced the present Minister of Foreign Affairs, Mr. P. K. Van der Byl, as Minister of Defence last September, and automatically became a member of the newly-formed "War Council."

Rhodesian businesses are coming under increasing strain as a result of military call-up, although it has been masked to some extent by the depressed economy over the past 18 months, and the greater use of women, pensioners and Africans. Almost invariably company reports refer to the difficulties caused by conscription.

'Lifetime security' plan for U.S. steel workers

BY STEWART FLEMING

NEW YORK, Feb. 13.

FAR-REACHING changes in labour relations in the U.S. steel industry are anticipated as a result of talks beginning tomorrow between union and management representatives about a new three-year employment contract.

The wage talks follow a hotly contested election for the presidency of the United Steel Workers' Union last week. Unofficial indications suggest that Mr. Lloyd McBride, a 60-year-old official and one of the founders of the union, has won that election. To-day, however, his opponent, 38-year-old union leader from Illinois, Mr. Edward Sadlowski, indicated that he intends to challenge the legality of the result.

This week-end, union leaders meeting in Washington in a Basic Steel Conference were trying to draw up the major national objectives of the union in the forthcoming collective bargaining.

Early indications are that they will try to establish a "lifetime security plan" which some observers are comparing, rather too loosely, to the sort of job security known to Japanese workers.

Whatever the validity of this comparison, the steel workers are expected to push for guaranteed working hours to retirement for employees who have completed the required number of qualifying years service.

Management leaders do not appear to be violently opposed to such a programme, although much will depend on the terms of the "guarantee." For one thing, the industry is likely to press for modifications to the existing job security programmes for the basic steel industry's 360,000 employees at the big ten steel companies.

These programmes take the form of supplementary unemployment benefits which companies pay to laid-off workers in order to increase the federal and state unemployment payments received by laid-off workers.

The new approach which the union has been talking about involves guaranteeing workers employment, rather than paying them when unemployed.

This is seen by management as having advantages, too among which would be greater stability for planning.

If a change in the structure of the wage contract of this nature is to be effected, it may involve reducing benefits for younger steel workers. Since it is thought that many in this group supported Mr. Sadlowski's challenge for the union presidency, the bargaining position which the union emerges with can be expected to reflect whatever power Mr. Sadlowski retains after his defeat.

Most observers are expecting the talks to be tough. While the industry's Experimental Negotiating Agreement (ENA) means that a national strike can not be called and disputes must go to binding arbitration, the agreement does not rule out strikes on local issues.

The outcome of the talks can be expected to have some impact on other industries, particularly aluminium, where workers are represented by the steel union.

£500m. French plan

BY ROBERT MAUTHNER

PARIS, Feb. 13.

GOVERNMENT aid to the ailing French steel industry could cost Fr.4.5bn. (more than £500m.) if a plan prepared by senior officials, and due to be presented to M. Raymond Barre, the Prime Minister on Tuesday, is adopted.

The amount is considerably more than the Fr.2bn.-3bn. mentioned so far, probably as the result of estimates by the French Steel Industry Federation that it would need at least Fr.5bn. of external aid if it is to repay its outstanding debts and finance new investment programmes.

In 1977 alone, according to the Steel Federation, Fr.1.5bn. will be needed to repay previous loans and Fr.1.8bn. for interest payments not covered by the insufficient cash flows of the major steel companies.

Since the steel companies themselves cannot hope to raise more than about Fr.2.5bn. by traditional means, the shortfall is expected to be about Fr.4.5bn. if the funds needed for social measures such as the early retirement and retraining of workers for other jobs are taken into account.

The large-scale state aid being considered reflects the dramatic and chronic indebtedness of the French steel industry, which owes the Government Frs.7bn. at rates little below those on the money market. Last year, the steel industry's debts broke all records, equalling its total sales.

The Government's rescue plan is expected to abolish thousands of jobs though probably fewer than has been suggested. The French Press has been talking in terms of the abolition of 9,000 jobs in 1977 and a further 20,000 between 1978 and 1980, but the Steel Federation estimates jobs lost as the result of the restructuring of the industry will not exceed 20,000.

Maritime zone extended

PARIS, Feb. 13.

FRANCE has extended its economic maritime zone to 200 nautical miles from its coasts on the English Channel, the North Sea and the Atlantic, the official Government News bulletin, Journal Officiel, said.

This follows an EEC decision creating the notion of a "European Sea" in which only the Nine EEC members may fish and extract mineral resources.

The extension, which became effective on Saturday, excludes nationals of Iceland, the Soviet Union, Poland, Spain or of any other non-EEC country from fishing off the coasts of France without a special permit from the French Government.

The new zone is expected to involve problems such as the surveillance of the vast new expanse of water and may create tension between Britain which so far has refused to share its zone with other EEC countries, claiming exclusive rights over the first 50 nautical miles (92 kilometres) off its shores.

UPI

EEC technology to help Arab projects

TUNIS, Feb. 13.

THE SECOND session of the Euro-Arab dialogue between the EEC and the Arab countries ended to-day with a call for increased economic and technological co-operation.

In a final communique, the participants approved creation of a Euro-Arab centre for economic co-operation and announced that Arab countries would contribute $15m. towards preliminary studies on projects planned for Arab countries with the help of European technology.

The representatives of the European countries, who had no decision-making power, did not comment on four Arab proposals: setting a date for a Euro-Arab meeting of the Foreign Affairs Ministers; organisation of Euro-Arab consultations within the UN; participation of Arab countries in the European Conference of Security and Co-operation in Europe due to resume in Belgrade next month; creation of an organisation for consultations on the political aspects of the dialogue.

Mr. Ismail Khelil, President of the Arab Group and Tunisian Ambassador to Brussels, said this session compared favourably with the first session of the Commission, in Luxembourg last May 1976 which dealt almost solely with oil-related issues. At this second session, the Middle East conflict was discussed at greater length

UPI

Henry Ford II

Ford hints at early retirement

By Stewart Fleming

NEW YORK, Feb. 13.

THE DIRECTORS of Ford Motor Company, the second-largest U.S. car manufacturer, are actively preparing for the resignation of the company's chairman, Mr. Henry Ford II, according to an interview with Mr. Ford in this morning's New York Times.

Mr. Ford, who will be 60 this year, says he may retire before the mandatory age of 65, and that the Board are discussing plans for a successor.

Mr. Ford began managing the company when he was only 27, deposing Mr. Harry Bennett and installing young new managers. The grandson of the company's founder he has built a reputation as one of the leaders of American industry.

He is known to suffer from a weak heart and in the interview refers to his angina. But he makes it clear that he is healthier than his doctors expected and does not suggest illness is the sole reason for considering retirement.

Nor does he give any precise date for his retirement, although the New York Times quotes unnamed sources as suggesting a successor might be named this year.

Dutch labour pact near

BY MICHAEL VAN OS

THE HAGUE, Feb. 13.

A PROVISIONAL agreement reached over the week-end between Dutch employers and trade union negotiators is expected to bring a quick end to the current wave of country-wide strikes.

The agreement is likely to be approved by the two sides' general councils to-morrow and it will then serve as a basis for individual negotiations in the various Dutch industries.

A spokesman for the unions said here to-day that selective strikes affecting nearly 100 companies would continue as planned to-morrow until the 1977 labour pacts are satisfactorily concluded. In the meantime several more companies may be hit by strikes and a few leading national newspapers are not expected to appear to-morrow as a result of industrial action by the printing unions.

Although the exact text of the agreement was still being put together to-day, it looks as though it was mainly the employers who have backed down on several points in the face of the unexpectedly wide-spread wave of selective strikes which started last Monday.

The unions succeeded in wringing out of the employers continuation of automatic wage indexing for this year, with studies on the subject promised for later.

Pravda counter-attack

BY DAVID SATTER

MOSCOW, Feb. 13.

THE COMMUNIST PARTY newspaper Pravda has answered charges of human rights violation in the Soviet Union with an attack on those "trying unsuccessfully to shake the foundations of socialism" and undermine progress of detente.

But in an apparent admission of Soviet fears about the potential of spreading dissent in the Soviet Union and Eastern Europe, the newspaper said the very existence of dissidents points to a need for political vigilance "as never before."

Pravda said the present furore over human rights in the Soviet Union is "ideological diversion and provocation" designed to complement the references by enemies of detente to a Soviet military menace and intended the "freeze social reform and strike at the forces of democracy and national liberation."

Nyerere shuffles Cabinet

DAR ES SALAAM, Feb. 13.

PRESIDENT NYERERE shuffled his cabinet to-day, naming Mr. Edward Sokine, until to-day Minister of Defence, as his new Prime Minister, the Government announced.

Mr. Rashidi Kawawa, Prime Minister for more than a decade, will in turn replace Mr. Sokine as Minister of Defence.

Observers noted that Mr. Kawawa has been closely associated with several programmes unpopular with the Tanzanian public, including a campaign by Mr. Kawawa last year to close down privately owned retail shops.

President Nyerere also made more than two dozen changes in top Government posts and leadership positions in the ruling "Revolutionary Party."

UPI

Amin mystery

By John Worrall

NAIROBI, Feb. 13.

UGANDA sources here to-day could shed no light on reports on an attempt to assassinate President Idi Amin on January 25, the sixth anniversary of his coup, as having led to widespread killings in the country. The reports spoke of a massacre of Acholi and Lango tribes people. A 'phone call to President Amin's residence to-day brought a prompt denial from a spokesman.

Australia bushfires kill livestock, raze homes

WEEK-END bushfires in three Australian states have killed five people and wiped out at least 3m. sheep and 80,000 cattle.

The fires in Victoria, South Australia and Tasmania burned through almost half a million acres of farmland, destroying up to 100 homes and injuring 17 people.

The worst-hit state was Victoria where the fires, a regular feature of Australian summers when temperatures often rise above 100 degrees fahrenheit, were the worst for eight years.

State Premier Ruper Hamer declared parts of Victoria a disaster area after he and Prime Minister Malcolm Fraser toured blackened countryside around Creswick, 80 miles northwest of Melbourne.

In the small town of Streathem only nine buildings were left standing after flames swept through 24 other buildings.

The fires started on Saturday morning near the South Australian border and swept eastwards towards Melbourne.

The president of the Victorian Farmers Union, Mr. Jim Heffernan, said the figure for livestock losses could yet rise higher. "The fire has burnt through the heart of some of the best grazing country in Victoria," he said.

A Victorian country fire authority spokesman said most of the blazes in the state were under control but 5,000 volunteers and firemen were on standby in case they flared up again. Bushfires were still burning in the isolated Strahan region of southwest Tasmania and on Eyre peninsula in South Australia.

Reuter

WORLD TRADE NEWS

MARKS AND SPENCER

Spreading the gospel overseas

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

AS COALS to Newcastle stories go, selling British-made shirts and underwear to Hong Kong takes some beating. Yet last year, Marks and Spencer exported around £1m. worth of clothing to the Far East as part of an export drive which it hopes will be earning the company £100m. in foreign currency in two years time.

At present, exports are only a very small part of the total Marks business. Marks is primarily a British retailer and will be for the foreseeable future. But the name of St. Michael is known by shoppers in countries as far apart as Iceland and Australia. There are now 30 shops in 13 different countries run by local retail groups as self-contained units under the name of St. Michael, while in Afghanistan, a local trader runs what is probably the only shop in the world trading officially under the name of "Marks and Sparks." In other countries, like Kenya and Southern Ireland, St. Michael goods—once the exclusive property of Marks and Spencer shops—are sold alongside manufacturers' brands.

In the financial year ending March 31, the company expects to have sold around £40m. worth of goods overseas out of total sales of around £1.0bn. The target is to increase this export figure to between £60m. and £70m. next year, building up to £100m. the year after. On that basis exports will still not be a major contributor to Marks and Spencer's overall volume, but the overseas business is expected to grow faster than domestic trade. At present exports account for only around 2 per cent. of the company's business but by 1979, the proportion should be nearer 7 per cent.

Much of this extra business will come from shops owned by Marks in France, Belgium and Canada with Holland possibly being added to the list by 1979. (This year £16m. of the £40m. of overseas sales went through the company's own shops abroad.) But Marks has no immediate plans to break into any other new areas with its own shops. Not only is the capital cost of opening shops high, but it would mean an expensive investment in management. Rather than diverting management from its British business, Marks would rather help train local staff from companies already established in local markets. By forming trading partnerships, it avoids the problems of the investment barriers imposed by various countries.

Basically, Marks has three approaches to exports apart from selling through it own shops. None involve taking any financial stake in another company. In 13 countries, such as Cyprus, Austria and Sweden, the company has given well established local retailers the franchise to sell its goods in self contained shops trading under the name of St. Michael and selling nothing else but Marks and Spencer merchandise. Marks either sells the goods direct to the operator or takes a commission on sales.

At present exports are not a major contributor to the company's business but in future they are expected to grow faster than domestic trade. By 1979-80 overseas business should be earning Marks some £100m. in foreign currency.

In other countries like Nigeria, Australia and Hong Kong, St. Michael brands are sold alongside a local retailers' other lines. Dunnes of Southern Ireland, for example, sell St. Michael brands together with products selling under its own brand name—itself inspired by St. Michael—St. Bernard, while in Denmark the Irma food chain is going into textiles by selling St. Michael clothes. In the same way, the NAAFI in Germany sells St. Michael lines.

The other approach is for Marks to sell its goods to a wholesaler as it does in Panama and Norway. The weakness in this method is that Marks does not have the same knowledge of the shops in which its products are being sold as when entering into an agreement with a retailer. But the company considers it the best way of selling to markets like the Caribbean and South America which are hedged about with complex tariff arrangements.

All three approaches to the export market are based on the same premise which Marks has used in England when building up its relationships with its suppliers: only by working closely and continuously with another company can Marks expect to maintain the reputation of the St. Michael brand name for quality and value for money.

For such a close working relationship to exist, the trading partners have to understand the Marks philosophy—preferably not just in terms of merchandising but in terms of broader management thinking. Local managers are trained in London, export customers visited regularly by the company's export managers and encouraged to come to England at least three times a year to see Marks and Spencer in action. In Nigeria, for example, which is now Marks' largest direct export market, its partner, the Leventis trading group, has just employed a welfare officer for its staff and is putting a nurse into one of its stores—an innovation based on Marks' own personnel policy.

In the same way, the British management try to persuade customers not to put an excessive mark-up on the goods they sell. Marks would rather get volume sales than see the St. Michael brand name become an exclusive status symbol. Its own approach to pricing for export is not what the market will stand but the cost of the goods plus a margin for profit. (The profit margin on export sales is lower than on its home trade as it does not have to bear the same overheads.) The prices of some St. Michael goods sold abroad have fallen with the value of the pound but the management says that generally foreign buyers are interested in quality rather than price.

Marks' approach to overseas trade has not always been successful: the Italian variety store chain, Standa, was never persuaded of the gospel of St. Michael and there have been problems in Switzerland. Nor has the company escaped the problems in Japan which has hit other British retailers, like Mothercare, trying to break into the market. In other countries, too, local retailers have questioned whether Marks' philosophy is adaptable to local conditions and expressed concern at the company's ideas.

In the past four years, Marks has whittled down the number of overseas customers from around 300 to nearer 70 but admits that there are still some clients who will never sell £1 worth of goods a year—a client which Marks believes it is worth selling to any client in a year. But the company says that the export business is profitable with benefits for the home trade. Export orders mean longer production runs which can reduce unit costs. The suppliers get paid more for export orders but do, of course, get the extra volume of selling overseas without the expense of marketing themselves.

Additional costs are, of course, involved for Marks in selling overseas. The managers of the export side, which employs people directly, travel extensively and some lines are ordered specially for foreign customers, while for markets like Nigeria, the company has to order summer clothes the year round.

But the top management, aware perhaps that with stores in most major British towns there is not the potential volume growth there was years ago, regard exports a priority. An indication of this is the fact they give export orders priority over the needs of British stores, which may explain why the things you want are sometimes missing from the local store.

Davy signs £37m. Brazil steel deal

Financial Times Reporter

ACO MINAS GERAIS of Brazil (Acominas) and Davy Ashmore International, part of Davy International, have of a blast furnace plant to be of a blast furnace plant to be located at Onro Branco in the State of Minas Gerais, capable of producing 5,300 tons of iron a day.

The value of the contract is £37m., 70 per cent. of which will be manufactured in the U.K. and 30 per cent. in Brazil. The British portion is backed by a U.K. credit financing arrangement by Morgan Grenfell, and underwritten by the Exports Credits Guarantee Department.

This is the first of a package of contracts to be negotiated over the next few weeks between Acominas and Davy, which are expected ultimately to reach a total of some £300m. value and of which some £150m. to £200m. will comprise U.K. exports. U.K. equipment will thus comprise about 50 per cent. of a new, totally integrated iron and steel making and rolling complex to produce 2m. tons per year of steel shapes and sections.

Japanese threat to Europe's industrial trucks industry

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

EUROPEAN INDUSTRIAL truck makers need to form larger groupings if they are to resist the growing Japanese competition in their home markets, says Mr. Bob Braun, a vice-president of Clerk Equipment of the U.S.

"Our real concern about the European scene is the inroads the Japanese could make against weak domestic companies," commented Mr. Braun who is chief executive of Clark's materials handling division.

Clark, apart from having a major world presence in the business is the largest supplier of forklift trucks in the U.S. At present the big Japanese groups—Toyota, TCM and Komatsu—have not made much impression in North America but the situation could change if they increased their volume of sales in Europe and benefited from the consequent cost savings.

"Our feeling is that over the next five years the European manufacturers will get closer together because of the cost benefits of volume production—something which has happened in the U.S. already. But Europe is still very nationalistic so rationalisation will take time," added Mr. Braun.

In any case, by 1980, Clerk expects that there will remain only five or six major industrial truck companies in the developed countries (there are currently between 50 and 60 in Europe alone) "and we will be one of them."

Declared Mr. Braun: "I think it is a good business with the prospect of a higher growth rate than the GNP of most of the countries in which it is a major industry."

Clark is looking for total industrial truck deliveries to improve steadily through this year and by 1978 climb back to the peak levels achieved in 1974, when the U.S. took 83,000 units and Europe 96,000, but not go above that level.

Mr. Braun pointed out that: "Clark tends to gain market share in the up cycle after losing it on the down."

There has also been a steady change in the types of trucks demanded with the percentage share taken by electric powered trucks (against diesel) rising from 25 to 33 per cent. in the last seven years. "This will continue but it will take ten years to reach the 50—50 stage," says Mr. Braun.

Record exports of Scotch

BY Kenneth Gooding

SCOTCH WHISKY exports 19 per cent. in value to £4… last year although the vol… advance was just 1.7 per cent… 91.8m. proof gallons.

And a forecast that … Scotch exported in the … which accounts for seven … ten bottles shipped, will … per cent. in 1977 with export… other types remaining at a… last year's level has come … Glasgow stockbrokers Speirs … Jeffrey.

The brokers point out that … spite of much talk about … industry being ex-growth, exp… in 1976 were again an all … record with only bulk blend… ments failing to improve."

The value of exports was … 90 per cent. higher than in … they add, and the export … increases announced in De… ber should lead to a signif… increase in profitability for … industry as a whole.

However, the brokers … that the principal dangers to … industry include "Increa… overseas fiscal discrimina… against Scotch whisky and … re-emergence of parallel exp… in view of the weak U.K. ma… in which much price cu… persists."

Total exports of bo… blended Scotch last year … 7 per cent. in volume to 64… gallons and 23 per cent. in v… to £372.5m. compared with … Blended whisky shipped in … fell 14.5 per cent. to 18… gallons and 7.8 per cent… £39.1m. Malt whisky

Boeing joint engine project

SEATTLE, Feb. 13.

BOEING said it has agreed with CFM International, a joint venture with SNECMA of France and General Electric to undertake a development and flight test programme to eventually place a CFM-56 jet engine in existing Boeing 707 aircraft.

Boeing said the programme would lead towards full certification of the engine, which has accumulated over 2,300 hours of bench tests.

The aim of the programme is to develop additional markets, both commercial and military, for the 707 series which began U.S. commercial jet service in 1958, it added.

RAF sale row

A political storm is blowing up over the sale by the RAF of 10 Belfast heavy duty freight aircraft to a foreign airline. Mr. Neville Trotter, Conservative MP for Tynemouth, is to ask Defence Secretary Mr. Fred Mulley in the Commons how much the Government got for them. "I suspect they went for a song," he said.

The aircraft, valued at over £10m., were sold for an undisclosed sum to Colonel Thomas D. Robertson, chief executive of Pan African Air Industries, who plans to use them to provide a low cost freight service to West Africa. The aircraft were sold because of the defence cuts.

Contracts

● **Allis-Chalmers Canada** has negotiated a contract to build a 345,000 tons a year cement plant in Ecuador valued at almost $24m. for Cementos Selvalegre. SNC Inc. of Montreal will act as project engineer-manager.

● **Stone-Platt Electrical's** U.S. subsidiary has won a $10m. order for the supply of air conditioning equipment for more than 400 IRT subway cars by the New York City Transit Authority. It is for retro-fitting the R-33 and R-36 cars introduced in 1963 and 1964 respectively. Ten more cars are expected to be retro-fitted with air conditioning by April 1978 and production will proceed from May 1978 at a rate of approximately 24 cars a month until the programme is completed.

● **Promet Shipyard** has won a $11m. contract to dredge and reclaim land at Sharjah in the United Arab Emirates. The company also has won two contracts worth $2.4m. to build four barges and two tugs for a company in Sharjah and two barges and a tug for another concern in Bahrain.

● **Covrad**, manufacturers of power generation equipment has won two export orders worth more than £1m. from Iran and the UAE.

● **Armour Engineering (U.K.)** has been awarded a £250,000 contract to supply six large capacity water storage tanks by Austin Europe of Paris, to be erected at the Sonelec Project Sidi Bel Abbes, Algeria, with completion scheduled for mid-year.

● **The Ranheim Papirfabrikk** division of Norske Skogindustrier has placed an order for a Rowbothsm board laminator to be installed at their mill near Trondheim, Norway in the latter half of 1977, with Sulzer Bros. of the U.K.

● **Polysius** has awarded a contract worth over £200,000 to Robey of Lincoln, a Newell Dunford Company, to manufacture a limestone crusher destined for Taiwan. In addition to the crusher the contract includes a steel plate conveyor and chain driven scraper.

● **Devon Candles**, which manufactures orange and lemon slices, has won export orders for £40,000 at a confectionary trade fair in Cologne and has appointed sole distributors for five other countries conservatively estimated to produce an additional £100,000 in export sales throughout the year.

Italy's deficit doubles

By Paul Betts

ITALY'S TRADE deficit … than doubled last year inc… ing from L2,333bn. (a… £1.6bn.) in 1975 to L5,4… (about £3.9bn.), the … statistics bureau ISTAT repo… here.

Last year, according to … figures, Italy's import bill … creased by 44.1 per cent. … pared to the previous year … L36,308bn., while Italian exp… rose by 35.1 per cent. … L30,885bn. Italy's oil deficit … year totalled L6,675bn.

World Economic Indicators

(UNEMPLOYMENT)

		Jan. '77	Dec. '76	Nov. '76	Jan…
U.K.	(s.a) 000s	1,345,300	1,330.0	N.A.*	1,2…
	%	5.7	5.6	N.A.*	
W. Germany	000s	1,248,918	1,089,935	984,700	1,351…
	%	5.5	4.8	4.3	
U.S.	(s.a.) 000s	6,958,000	7,519,000	7,651,000	7,247…
	%	7.3	7.8	8.0	
Holland†	000s	225.8	217.6	206.3	2…
	%	5.8	5.7	5.4	
		Dec. '76	Nov. '76	Oct. '76	Dec…
Belgium	000s	260,590	251,346	230.7	229…
	%	10.02	9.6	8.8	
France	000s	1,036,900	1,040.0	1,025.0	1…
	%	4.7	4.7	4.6	
		Oct. '76	Sept. '76	Aug. '76	Oct…
Japan	000s	1,000.0	1,010.0	1,030.0	1,03…
	%	1.8	1.9	1.9	
		Oct. '76	July '76	Apr. '76	Oct…
Italy	000s	777.0	776.0	693.0	
	%	4.0	4.0	3.5	

* Not available
† All figures revised

HOME NEWS

Two forecasts clash over jobless outlook

BY MICHAEL BLANDEN

...RPLY CONFLICTING views ...e outlook for U.K. unemployment levels are published to... by two economic forecasting ...nisations.

...e Henley Centre for Forecasting predicts a further sharp ...ease, with adult unemployment rising to 2.5m. in 1982 on ...ent policies. It says that ...ures such as job creation ...nes would still leave unemployment at a "completely ...ceptable and unnecessary ..." and, as a result, British ...y would become more ...ationary.

...trast

...tead of a deflationary budget in 1979, it would be ...rely expansionary. "We now ...ee Britain will continue ...faster expansion while the ...of the world slows down."

...contrast, the Economic ...s group foresees an in...ingly bright future for the ...The group says, particularly that "unemployment will ...below 1m. in 1979, when ...mic activity will reach a ... The level of unemployment is not expected to rise ...this level again in the ...seable future."

...in the large impact of North ...il to come, the U.K. "has ...through the worst." Despite ...considerable inflationary ...ures which will persist, particularly through 1977, "the ...g probability is that these ...be contained and that a ...ively stable and improving ...mic future can be fore..."

...critical importance of North Sea oil is underlined by forecasts from Economic Models, indicating that it will have an impact of £2.3bn. on the balance of payments in 1978 and of £4bn. in 1979." By 1982 there will be an oil surplus of £7.5bn."

There would be an average annual growth rate for the U.K. of 3.3 per cent. for the next five years, compared with 1.9 per cent. over the last five years.

Real consumers' expenditure, after falling by a forecast 2.1 per cent. this year, is expected to grow by 2.3 per cent. in 1978 and by 4.9 per cent. in 1979.

The external balance of goods and services is expected to move into surplus of £740m. in 1978, with an improvement to a £1.8bn. surplus in 1979. By 1982, the trade surplus is expected to be £6.5bn.

Inflation

Inflation, however, is expected to remain fairly high, keeping at levels of between 10 and 10.5 per cent. even after 1979. This is part of the reason for a forecast that the value of the pound will drop to $1.51 next year.

Henley sees price inflation falling to under 7 per cent. in later years, and takes an optimistic view of the balance of payments.

The forecasts indicate a reduced deficit of £500m. in the current year, moving into balance next year and then bringing a mounting surplus.

This would facilitate "the payment of all debts falling due and/or paying off official sterling balances/increasing the foreign exchange rate."

Recovery expected in trade figures

BY MICHAEL BLANDEN

SIGNS OF a continued recovery in Britain's export performance will be looked for to-day with the publication of the January trade figures, after the sharp improvement recorded in the previous month.

These will be part of a series of important statistics due to be released over the coming week which will provide the latest guidance on the state of the U.K. economy.

The general picture is likely to confirm that the economy continues to show little real growth while inflation remains at relatively high levels.

Exceptional

Against this, however, it should be shown that the Government has brought the growth of the money supply well under control.

To-day's trade figures will follow the exceptionally good figures recorded in December, when Britain went into a £21m. surplus on current account and produced its best figures since the previous March.

This result almost certainly overstated the underlying improvement. Nevertheless, there have been some encouraging pointers even ahead of the substantial improvement expected as a result of North Sea oil later this year.

Last month's figures could show a continued lower level of oil imports as well as the hoped-for improvement on the general export side.

Figures are also due to-day for the January level of retail sales. The latest indications in this area have suggested that the pre-Christmas period was not as buoyant as had previously been thought.

Although the January outcome will have been affected by the impact of the sales, the general feeling in the trade is that activity will remain relatively depressed for some time.

The generally low level of economic activity may be further confirmed by the December industrial production index due to be published to-morrow, while the continued high inflation rate and its effect on the general standard of living will also be underlined this week.

The January retail prices index on Friday will continue to reflect the rises in the pipeline because of last year's decline in the value of sterling and its effect on the cost of imported raw materials, which have already shown up in the recent figures for prices at the wholesale level.

Over the whole of last year, retail prices rose by 15.1 per cent., and it is expected that the rate of increase will be higher in the early months of this year before coming down later.

This will mean that the pressure on living standards will increase temporarily, with the growth of earnings under the present wages policy continuing to lag behind the increase in prices.

The wage rate indices for January and the average earnings figures for December are due to be published on Wednesday.

Further drop

On the monetary front, however, the mid-January money supply figures to be published on Thursday should show a further drop in the level of the sterling money stock on the wider definition (M3) as a result of large official gilt-edged sales.

This was clearly indicated by last week's figures from the banking sector, and would bring the growth of money supply well within the expected level of 9 to 13 per cent. for the current financial year.

Farmland prices stabilised

By Joe Rennison

FARM LAND prices, after a rise of nearly 30 per cent. in the first half of last year, seem to have reached a plateau in the second half, according to figures in Farmland Market to-day.

The average price for land with vacant possession fell slightly to £793 an acre in July to December, compared with £800 an acre in the previous six months.

Prices have returned to near those in the great property boom days of 1972-73, but after allowing for inflation are in some cases almost 40 per cent. less.

Purchasers are more discriminating, though demand remains high.

Five reasons given for the price rise in the first half are: restored confidence after the recovery of late 1975; good 1975 profits; marketing by selling agents improved; early 1976 saw time running out for finding a place to roll-over money from the boom; threats from capital transfer tax and a possible wealth tax seemed to recede.

Three factors are named as responsible for easing of the market later in the year. Farm profits from 1975 were spent in the first six months; the drought raised winter costs; higher interest rates made borrowing prohibitive.

Farmland Market: published jointly by Estates Gazette and Farmers' Weekly; annual subscription £12.50.

Training centre

A NEW TRAINING centre at Chesterfield, Derbyshire, will be officially opened to-day by Mr. Albert Booth, the Minister for Employment.

The centre is the first joint venture in Britain between a local authority and a training services agency.

Ford Fiesta demand means customers face month's delay

FINANCIAL TIMES REPORTER

MORE THAN 16,000 orders for the Ford Fiesta have been placed with dealers since the model went on the market less than two weeks ago. But most customers must wait at least a month, possibly three months, for deliveries, as demand far exceeds the rate of production.

Ford, which says the success of the Fiesta has exceeded its forecasts, is rationing deliveries of it to dealers as with its other models.

Before the launch, Ford predicted that it would take 4½ per cent. of the British car market, but sales so far indicate a 5 per cent. share in February.

Orders may slow once the initial impact of the launch has diminished. For the moment orders come faster than production. Some dealers may still have launch stocks left. Ford is producing 350 a day, many for export.

At best the company will make 90,000 models in the year, between 30 and 40 per cent. for overseas. About 58,000 are to be sold through Ford's 400 main dealers in Britain.

Ford said yesterday that it was too early to assess from which competitors the Fiesta was taking sales. The February figures suggest that orders for Ford's other small car, the Escort, held up to previous levels.

Trucks recovery halted

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE RECOVERY gathering pace in the commercial vehicle industry in the last few months of 1976 suffered a sharp reversal in January.

Sales dropped by nearly 8 per cent. on the same month in the previous year, to 16,885 units. Importers continued to gain at the expense of domestic manufacturers, taking 15.8 per cent. of all registrations against 12.9 per cent. a year before.

The one bright spot in yesterday's figures by the Society of Motor Manufacturers and Traders was a slight increase in registrations of trucks of more than 3.5 tons. Sales rose from 4,535 units last year to 4,557, but the increase came from imports.

Imports were 672 vehicles, against 602 last year.

In the car-derived van and pickup sector Datsun sales rose from 169 units to 287, Honda from nothing to 220, and Toyota nothing to 32.

Electrical stores profits 'too low'

MAX WILKINSON, INDUSTRIAL STAFF

...TRICAL SHOPS have been ... to make adequate profits, ... survey published to-day.

... survey was commissioned ... Radio, Electrical and Television Retailers' Association. It ... that the median return on ...ment in the year ended ...pril was only 17.7 per cent., ...ared with 23.6 per cent. ...ar before.

...their report on the results, ...nan Consultancy Services ... "The inflation rate in the ... under review reached ...r cent. and, as can be seen, ...turn was only 68 per cent. ...s inflation rate.

...ere seems little doubt that ...l terms, a substantial pro...n of the participants were ... off at the end of the ...g period than they were at ...art."

...increase in turnover of ...r cent., about 3.2 per cent. ...han in the previous year. ... not in any way be con...d enough to maintain ...ver in real terms. There ...no doubt of the downward ... in the period under review, ...vated by increased overexpenses.

The survey is based on 57 shops with a combined turnover of £11.5m. It relates to the period in which VAT was increased to 25 per cent. on luxury items, which included most electrical goods.

It showed that the larger firms were riding the difficult period much better than the smaller ones.

Uneconomic

"In current inflationary circumstances, it is difficult to see how outlets with a turnover of less than £100,000 can prove an economic proposition," says the report.

The figures showed that the return on investment of the best 10 per cent. of retailers was 74.7 per cent., compared with 17.7 per cent. for the median 10 per cent., by account values. They also demonstrated that profitability in the Republic of Ireland, where there were no large VAT increases was very much higher.

Sixth interim comparison scheme. RETRA, 100, St. Martin's Lane, London WC2.

Supermarkets face tough competition, says study

OUR CONSUMER AFFAIRS CORRESPONDENT

...HIGHLY competitive nature ...permarket trading in the ...hester area has been de...rated by a survey of two of ...Co-op's superstores carried ...y Retail Outlets Research ...of the Manchester Business ...l.

... survey shows that 61 per ... of the Co-op's customers at ...ilsworth superstore outside ...ester had previously shop... other superstores, such as ...run by Tesco and Asda, ...ecialist discount shops like ... Save. Only 7 per cent. of ...stomers had come from in...ndent traders.

...ike the stereotype of a ...store, which is usually seen ...ng situated outside a built...ea, the Failsworth super... which lies between Oldham ...Manchester, is in an area of ... population and is compet...or trade with a number of ... such large stores.

... research unit also studied the Co-op's Leo superstore at Pyle near Bridgend in South Glamorgan, which draws its customers from a wide variety of areas in South Wales and has no major conurbation on its doorstep.

The Leo study confirmed the broad assumptions about superstore customers. Just over 80 per cent. had come by car. Only 8 per cent. visited the store more than once a week and 79 per cent. bought at least three quarters of their groceries at the store.

Half the car shoppers had a journey which took them less than 15 minutes and 8 per cent. had driven for more than half an hour.

The Failsworth store survey, however, produced a different picture. Only half of its customers had arrived by car and 37 per cent. had walked there. Many of the older customers had travelled over three miles.

Co-operative Society Superstores, Retail Outlets Research Unit, Manchester Business School, Booth Street West, Manchester; £8.

IRA issues pictures of its guns

By Our Belfast Correspondent

THE PROVISIONAL IRA yesterday issued photographs to a Belfast newspaper to back up a claim that it now possesses heavy calibre machine guns for use against armoured vehicles and helicopters.

The photographs showed a Provo unit training with a .50 calibre and a .30 calibre machine gun, both of World War II vintage.

The Army said that it had no record that the weapons had been used against troops, but said that about 50 rounds of ammunition suitable for use in one of the guns had been seized in a search last month.

If the Provos did have such weapons, they were not a new addition to their armoury.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● POWER

Hydraulic drive a fuel saver

COMPANIES with major interests in the manufacture of hydraulic motors are sanguine that by the end of the century, their products will have largely displaced electric motors of small capacities throughout industry.

This seemingly innocuous belief, on the face of it, would if correct have far-reaching consequences, which can be translated dramatically into a saving of 20m. tonnes of coal a year in Britain alone, or the combined output of the Selby and Belvoir coal mining projects.

Studies carried out in a number of companies—Thorn, Mannesmann, Sperry — and several universities, and which will be disseminated by the Institution of Mechanical Engineers, tend to bear out the claim that, whatever the industrial application, the capital cost of the power system and of the motors will be halved by a move to hydraulics. Hence the 20m.-tonne nationwide saving.

It is hardly necessary to underline the impact a big move towards hydraulic drives in factories will have on the mechanical engineering industry whose products will have to be adapted, or on the electric motor and reduction gear makers, whose products will rapidly become obsolete. It will also pose a challenge to the makers of hydraulic components.

The probabilities of such a move, and the consequences, will be examined in a series of conferences organised by the Institution of Mechanical Engineers at strategic points around Britain, offering participants workshop-style conferences and discussions.

The first will take place at NEL on February 22, to be followed by UMIST on March 31 and the I Mech E in London on April 26.

More details of the conferences from the Institution at 1, Bird Cage Walk, Westminster, London SW1H 9JJ. 01-839 1211.

Breaker to take twice the voltage

VACUUM circuit interrupters that can handle nearly twice the voltage of units in domestic service and 50 per cent more current than present equipment are being developed at General Electric Company (U.S.) Research and Development Centre to protect future high-voltage power systems against damaging short circuits.

Under a three-year, $1.65m. contract from the Electric Power Research Institute (EPRI)—the research arm of America's electric utilities—GE scientists and engineers expect to build and test four different vacuum interrupters. The best features of each then would be incorporated into a final prototype with a targeted interruption capability of 63,000 to 80,000 amperes at 72,000 to 80,000 volts.

Fifteen scientists and engineers have been assigned to the EPRI project at the GE (U.S.) R and D Centre in Schenectady, New York, and at the company's Switchgear Business Department, Philadelphia, Pennsylvania, under direction of Dr. A. Harry Sharbaugh, Jr., manager of the Centre's Plasma Physics Branch.

● MATERIALS

Ink selector for plastic containers

TO HELP packaging designers specify colours for screen-printed polyethylene containers, the Sericol Group (24 Parsons Green, London SW6 4HS), has introduced a colour swatch book.

Illustrating the 14 standard colour inks available, together with the company's colour match system, the swatch is printed on BXL Polyart synthetic paper (200 gm/square metre) because the finish likely to be obtained when the inks are printed on polyethylene bottles can be faithfully simulated on it.

Polyart is made by BXL Synthetic Paper Group at Clacton-on-Sea, Essex — more information from BXL (a Union Carbide Corp. subsidiary) on 01-629 8100.

● COMPONENTS

Less from Motorola

A DRAMATIC cut has been made in the number of devices to be offered in future by Motorola—from 15,000 to 4,000 types.

The company says its research has shown that these remaining "preferred products" will be quite adequate to meet customer's needs and will make life much easier for them by simplifying the choosing process.

An equally pressing reason for the reduction, however, is the cost imposed on the company's distributors by having to stock such a wide product range: efficiency of service to the end user has apparently been dropping.

The "old" products will not immediately disappear from the market—but they will not appear in the new catalogue.

Reference to the remainder of the industry seems to show that the problem is peculiar to Motorola: the company had built up such a diversity of items over the years that it was forced to take action.

National Semiconductors for example, which has 45,000 items on its lists, says it gets over the problem by dealing through specialist distributors so that no one has to carry too much stock.

Mullard offers a "stock profile," also to specialist distributors, to ensure that each gets precisely what he needs from the 10,000 items in the catalogue, although the company did rationalise its lists at the time of the Signetics deal. Another broad-line semiconductor maker, Texas Instruments, has no comment to make.

ITT Semiconductors felt no need for mass cutbacks: each product is monitored for its profitability and is subject to "phase-out" at the appropriate moment and after due warning to customers who must then make an "all-time buy" to cover their future spares needs.

The relative newcomers—Intel and GIM for example—have no problems yet because their lists have hardly had time to grow beyond the "hundreds" order, and consist largely of LSI items.

● SOFTWARE

Helping would-be micro users

THE FIRST of the long-awaited products from the MicroSoft—microcomputer support subsidiary of CAP—were launched in London last week. They comprise what CAP calls the "MicroSoft workshop," its MicroAde software," and "MicroCobol."

The CAP solution to the problem of programming microcomputers for standard DP applications is, on the evidence so far presented, well ahead of any such work or solutions available even in America. This includes the work believed to have been done within IT and T, much of which is for special applications, and the development work among the main microcomputer manufacturers, most of them clustered on the San Francisco peninsula.

Implementing applications software for commercial purposes—standard programs to run general business and engineering applications—is currently a time-consuming task. The programmer has few aids and has generally to write at the machine code level.

This can be restated on the lines that a simple program run on a larger system but one written in a higher level language, can be prepared in days. But the same program written for a microcomputer could take weeks. This means that it has been increasingly difficult to exploit the advantage of the low hardware cost.

Software costs have grown out of all proportion as part of the total system cost.

The CAP solution is based on the development of a "cross translation" technique which allows them to make use of the extensive programming aids that come with well-developed minicomputers. In this case CAP have gone for the best selling and probably most widely used minicomputer of all, the PDP 11.

It is used as a "host" system. Effectively, the programmer writes in MicroCobol as if he were writing for the PDP 11, though of course the differing machine capabilities have to be allowed for. Special software aids allow the programs as they are developed to be tested on the micro, which is specially attached for the purpose.

At present the version will only handle one microcomputer at a time, but the program written for one system will also run on another, given that the configuration is the same. Indeed, CAP claims that the MicroAde system is totally manufacturer-independent.

Micro Soft workshop requires that the user has a minimal PDP 11 running on RT 11. It is unlikely that, in the long run, this approach will be restricted to that system.

The CAP package consists of three parts. The micro-independent systems software and the systems utilities—a set of tailored options from which the user can select, which enable him to turn and configure a microcomputer and peripherals into the computer system that he wants. Thirdly and lastly come the board options, some of which are still being evaluated by CAP. Currently, they are organised to cope with the Intel 80/10 and 80/20, and the Motorola MES 6800. Being evaluated are boards from Texas, Fairchild and Signetics.

● COMPUTERS

Cranwell gets first DEC 20

FIRST U.K. installation of the recently announced DEC system-20 computer system from Digital Equipment Co. is at the Royal Air Force College, Cranwell. It replaces the present Elliott/ICL 4120 which was installed in 1967.

A major requirement for the new interactive computer is that it should be able to provide hands-on facilities to students and members of staff alike, while offering the same range of software as the present processing unit.

The College's need for a comprehensive time-sharing facility, possessing easy expansion capability in terms of main memory, backing store and general peripherals, has been met. It is also envisaged that links will be developed to a remote ICL 2900 series system.

More from DEC on 0734 583555.

● COMMUNICATIONS

Underwater connector

INTRINSICALLY safe, a live cable connector for use in all types of hazardous environments is being offered in Europe by Ferranti. The Pelcon equipment can cope with high pressure differentials and be employed at great depths under water.

Suitable for cables used to transmit analogue or digital data, or control signals, as well as relatively low-power current, the connector has no pins or mechanical mating forms and can have its two halves joined simply and quickly either axially or transversely.

The connector comprises two halves of a transformer which, when mated, allow the transfer of electrical energy through inductive coupling. To achieve efficient energy transmission with a coupling of reasonable size when power is being relayed, electricity from a conventional power source would be converted electronically to a higher frequency within the range 20 to 50 kHz.

Electronic units designed for conversion from ac to dc and back are available and the various designs of connectors can be uncoupled and connected underwater when carrying up to 100 Watts with perfect safety to the operator.

Penetrators may be specified to cope with differential pressures up to 350 kg per sq. cm. while the standard device will handle differential hydrostatic pressures up to 150 kg per sq. cm.

Housings and inserts are machined from stainless steel where performance is critical. Nickel-plated naval brass would be used in less exacting situations. All active magnetic components are ferrites made to close tolerances and Neoprene is used for external seals. Internal units are potted in epoxy compounds.

Further from Ferranti Offshore Systems, Ferry Road, Edinburgh EH5 2XS. 031 332 2411.

Reduces network downtime

IAL MEDIUS dial-up control, describes equipment able to achieve a significant reduction in downtime on teleprocessing networks. It is backed by the data communications division of International Aeradio.

The equipment enables the central site controller of a dedicated network (leased lines connecting terminals to a computer) to rectify and identify failures occurring in the network. He can restore a connection almost immediately by switching standby equipment into operation at a remote location without local manual intervention. In other words, the operator, who may not be a skilled electronics technician, does not have to change plugs or switches at the terminal.

The controller can also perform remote site diagnostic switching operations to enable the exact location of the fault (in line, terminal, modem, etc.), to be determined. This allows him to order the correct repair procedures and personnel into action, without alerting other organisations or authorities whose help is not required—but who would still charge for the call-out.

All these facilities operate independently of the main dedicated data path. The apparatus, which has British Post Office approval, operates via the lower-cost public telephone network, which is used only when a control demand arises. Operating costs are limited to the standard PO charges for dialled calls, and in normal circumstances will rarely exceed 20 seconds of connect time.

IAL says that by eliminating the need for integrated diagnostics in modems, the original capital costs of a data communications network can be reduced with the additional benefit of increased mean time between failure through the use of simplified units.

The equipment, which has been designed to meet European PTT requirements, costs £550 for the master control and £375 for each remote site unit.

The company sees as its customers any organisations using leased lines, particularly on a small scale, and points out that the equipment has applications for the remote switching and control of apparatus other than that used in data processing, such as transmitters, receivers and aerials.

This development of the Medius system was designed and built at IAL headquarters, Hayes Road, Southall, Middlesex UB2 5NJ (01-574 2411).

● PHOTOGRAPH

Passport shots four at a time

PRODUCTION of passport photographs in the local commercial photographer's studio is both simplified and speeded up by a camera introduced by Shackman Instruments.

Known as the "Two by Two," the camera has a Polaroid 5 x 4 back that can rotate through 180 degrees and a twin lens system. The instrument is loaded with a single sheet of either monochrome or colour film and after the first side-by-side simultaneous pair of pictures is taken the back is rotated to expose the other pair on the other half of the film. The photographer can change film to suit the needs of each customer in turn — colour has been accepted for U.K. passports since 1974.

The customer of course does not have to wait for prints: black-and-white pictures are available in 30 seconds, colour in 60.

Acrylic moulded lenses (120mm) are mounted in the cast aluminium alloy body and there is a self-cocking single-speed twin shutter synchronised for electronic flash. The fixed-focus distance is 42 inches. More from Mineral Lane, Chesham, Bucks HP5 1NU (02405 4451).

● DRAFTING

Lettering four times as fast

BUILT LIKE a typewriter, Varityper 1360 is an engineering lettering machine for printing characters from 1.6 to 3.8 ... high on large drawings. It ... a 23 inch writing line but since the carriage is open ended, there is practically no limit to paper size.

The machine offers a speed four times faster than hand lettering, and any typist ... quickly become proficient ... operating its standard ... touch keyboard. This allows draughtsman to concentrate talents on productive drafting knowing that relatively ... skilled personnel can add lettering of high quality to match.

Type faces and styles ... quickly interchangeable. M... technical symbols are available. Vertical and horizontal spacing are variable to accommodate different requirements.

Mechanically controlled ... pression and a total transfer carbon film ribbon ... ensures uniformly sharp, black opaque lettering for ... quality reproduction by ... conventional method — di... offset or microfilm. Varityper lettering machines print equally well on conventional tracing paper and cloth, and most synthetic materials including 0... inch draughting film.

Addressograph - Multigraph, POB 17, Maylands Avenue, Hemel Hempstead, Herts ... 7ET. Tel. 01836 2205.

CONTRACTS AND TENDERS

ANNOUNCEMENT

Self-Management Community of Interests for Arterial and Regional Roads of SAP Kosovo—Pristina, 14 Lenjinova Street

IN THE NEAR FUTURE WILL BE STARTED THE CONSTRUCTION OF THE ARTERIAL ROAD No 9 PRISTINA—LESKOVAC ON THE PART PRISTINA—MUTIVODE—PETRILJA IN THE TOTAL LENGTH OF 42.2 km.

The construction includes:

—Earth works

—Drainage structures

—Constructing of the pavement with surface dressing for the road section Makovac-Mutivode-Petrilja (40.5 km and asphalt pavement on the road section through Pristina (1.7 km) as well as

—The construction of bridges (4 bridges in the total length of 109 ml.

The candidates wishing to participate in prequalifications should be from member countries of the International Bank or Switzerland and may ask the Investor to be prequalified for one or more construction sections.

We invite the interested enterprises to take part in prequalifications and submit references with a short report of former experience on similar jobs as well as of their financial state.

The bids should be submitted, not later than 30 days from the date of issue of this announcement, to the Investor:

SELF-MANAGEMENT COMMUNITY OF INTERESTS FOR ARTERIAL AND REGIONAL ROAD OF SAP KOSOVO—PRISTINA, 14 LENJINOVA Str., YUGOSLAVIA.

The Investor shall invite enterprises selected as capable to submit their offers for the execution of works.

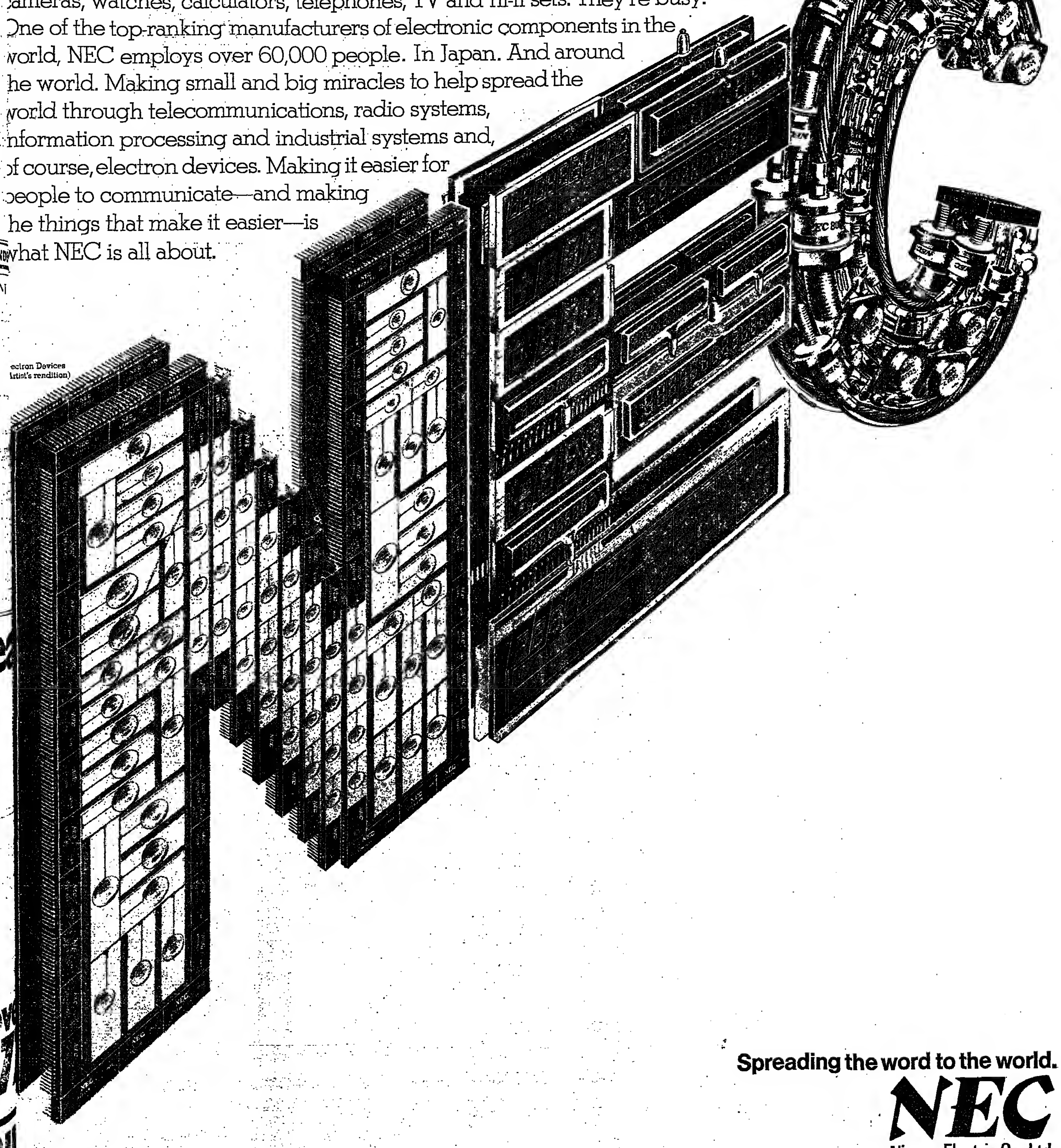
The Contractors documentation required for preparing offers will be available for inspection in the course of March, 1977

When it comes to electronic components, NEC has to think small to think big.

The electronic component. NEC's concentration on this small wonder works in a big way. For example, it helps tell Viking what to do on the surface of Mars. That's thinking big.

Thinking small, our tiny microwave devices—low-noise receivers—could weigh no more than 0.2g each. We clocked in at 0.16g. Proven reliable on spaceprobe Pioneer 10, NEC's Viking components had no back-up system. They had to perform. They did.

Here's what else they do. You'll find them in cars, ships, trains, planes, computers, cameras, watches, calculators, telephones, TV and hi-fi sets. They're busy. One of the top-ranking manufacturers of electronic components in the world, NEC employs over 60,000 people. In Japan. And around the world. Making small and big miracles to help spread the world through telecommunications, radio systems, information processing and industrial systems and, of course, electron devices. Making it easier for people to communicate—and making the things that make it easier—is what NEC is all about.



ectron Devices
rtist's rendition)

Spreading the word to the world.

NEC

Nippon Electric Co., Ltd.
P.O. Box 1, Takanawa, Tokyo, Japan

Main Fields: Telecommunications / Radio Systems / Information Processing & Industrial Systems / Electron Devices / Home Electronics

Building and Civil Engineering

£25m. EMI Centre to Bovis

TIPPED AS the favourite some six months ago, Bovis Construction has now been appointed by EMI as managing contractor for the vast £25m. new EMI Centre which will be built on a 3½ acre site in the Tottenham Court Road area.

Main construction begins next month with completion in 1980 and, in the meantime, the company is carrying out preparatory demolition jobs.

Intended to bring together under one roof the EMI music and entertainment industries empire, as well as its headquarters staff, now in 22 separate Central London locations, the Centre will have 176,000 square feet of air-conditioned office space, car parking on two basement levels, a triple cinema, a shopping centre and a number of light industrial units.

The total construction cost within the overall contract is put at £13m.

In addition to the work on the Centre proper, the London Borough of Camden is proposing to build on part of the site two blocks of flats providing 175 homes for two and three-person occupation.

Structurally, the Centre will have an in situ reinforced concrete frame with tuning fork columns at the perimeter. The main office block will be 12 storeys high and a bridge over Stephen Street will link this main tower to a four-storey block on the north side of the site.

Bovis Construction is the largest fee contractor in Europe and has now carried out more management contracts than any other U.K. construction company.

Working with it on the EMI project will be Sidney Kaye, Firmin and Partners, architects; Cyril Sweet and Partners, quantity surveyors; and Brian Colquhoun and Partners, structural consultants.

Big Korean order for Conder

A £5.2m. order has been placed with Conder Exports by the Kuk Dong Construction Company of Korea for 10 port sheds and various ancillary buildings for the Saudi Arabian Port of Jubail.

Providing a total covered area of 120,000 square metres—almost 30 acres—this is the largest single contract won by the Conder Group in more than 20 years of exporting these buildings. Each of the main warehouses will be constructed with a floor span of 60 metres and together with the ancillary buildings will use a total of 7,000 tonnes of British steel.

Work is to commence immediately on the project which involves a total of more than 1,200 man weeks' drawing and fabrication time and delivery has to be completed inside six months.

In addition to the portal-framed structural steelwork, Conder is supplying the metal roofing and walls, doors, ventilators and rainwater goods to complete the buildings.

£1½m. award to Willment

A FOLLOW-UP contract worth about £1.5m. has been awarded by the Home Office to Willment's Building Division for the construction of a boiler house and laundry at Feltham, Middlesex.

Work will start soon and the project is scheduled for completion in 86 weeks.

The buildings will be part of a centre for young offenders. A previous £1m. contract on this site covering a works unit and ancillary services, was completed last autumn. Architects are Brewer Smith and Brewer.

Factories in Scotland

HOLLAND, Hannen and Cubitts (Scotland) has been awarded two contracts totalling just over £1.2m.

At Lochgelly in Fife, Cubitts will build a one-storey factory and a two-storey office block as extensions to existing premises for Andrew Antenna Systems. The £595,000 project designed by Williamson Hubbard of Edinburgh, will be completed towards the end of November.

Cubitts will also build a 4,200 square metre single-storey factory extension at Haddington, East Lothian, for Tandberg (Electronics).

This £625,000 contract, due for completion in the late summer, also calls for the provision of a new reception area linked to a group of three flats.

Architects for this project are Michael Calthrop and Campbell Mars of Edinburgh.

£2.4m. Hull housing

THE City of Kingston-upon-Hull has awarded George Wimpey a contract valued at about £2.4m. for the construction of two 15-storey blocks of flats. The two blocks will provide 224 flats and are to be situated in Cambridge Street, off Anlaby Road, in Hull. Each block will include a communal drying room and an external store for each flat. Roads, paving, car parks, two pumping stations and two sub-stations form part of the contract. Completion is due by the end of August, 1978.

Consultancy in Somalia

ULG CONSULTANTS the overseas practice of Lugg and Gould, agricultural consultants, has announced the signing in Mogadishu of a £1.48m. consultancy contract for Somalia's North-West Region Agricultural Development Scheme.

This project—which is assisted by a credit from the World Bank and embodies training, crop trials, erosion control, water conservation and other measures—calls for the services of 20 expatriate specialists over a six-year period.

Sir William Halcrow and Partners will contribute engineers and water resource specialists.

Review of overseas work

DETAILS OF projects throughout the world supervised by members of the Association of Consulting Engineers are given in the latter's latest annual "Overseas Work." Net invisible earnings earned by U.K.-based members in 1976 is estimated at £175m.

The 375-page book could be a useful source of reference for other professions associated with projects of the type described and for contractors who may be interested in opportunities or may already be involved.

Copies of the book can be obtained from the Association (price £8.50) at Hancock House, 87 Vincent Square, London, SW1P 2PH.

Roads and warehouse by Douglas

COMPANIES in the Douglas Group have been awarded a number of substantial contracts which add up to £4.2m., the largest of which is for roadworks in Redditch.

Value of this contract is £1.4m. and it covers part of the town centre ring distributor road system. Duration of the contract is two years and work has already begun.

At Aldridge, under an award worth £1.1m., a warehouse and associated facilities will be built for Alexander Duckham. Of reinforced concrete frame construction, the building will be 75 x 54 x 12 metres high.

Other contracts include improvement of the A54 at Winsford, construction of warehouses at Reading and a number of roofing contracts to the specialist company in the group to a total of £1m.

Scarborough move on waste plant

FOLLOWING a feasibility study prepared by consulting engineers John H. Haiste and Partners of Leeds, North Yorkshire County Council is to go ahead with a £2m. scheme for pulverising refuse from the southern area of the Scarborough district.

The Seamer Carr solid waste treatment plant will be equipped with twin 15 tonne/hour pulverisers equipped with feed and discharge conveyors. The new plant will also have equipment for overband magnetic separation with metal baling, bulky refuse incineration and dust extraction.

Contractor McTay Building and Civil Engineering Company of Bromborough has started work on the project, which is due for completion in the spring of 1978.

Throwing a new brick

FACED with a declining number of skilled hand-moulders for brickmaking, Redland has spent about £100,000 on machinery which, the company claims, successfully imitates the skill of the craftsman throwing clay into a mould.

As a result the bricks now being produced are expected to be as acceptable as those made by hand.

A plant has been set up at the company's Beare Green, Surrey, brickworks and the first of the new bricks will be displayed at an exhibition opening to-day at the company's showrooms at 88 Horseferry Road, London, W.1.

The bricks, to be marketed as Wealdmades, are being produced in five colours and prices range from £83.75 to £96.50 per thousand.

Air blowers for Korean plant

ONE OF the first orders to be placed in the U.K. for equipment for an £80m. cement production plant to be built in South Korea, is for positive displacement air blowers. Valued at about £1m., the blowers will be supplied by Peabody Holmes.

The order calls for blowers of different sizes to supply air from 180 to 11,040 cu. metre/hr. at pressures up to 800mbar. The air is to be used for pneumatic conveying in vertical elevators, and for aeration floors in storage and blending silos.

The blowers will be installed at the Tongbae plant on the east coast of South Korea, owned by Ssang Yong Cement Corp. Erection should start at the end of this year and the work of extending the plant should be completed by mid-1979.

After the supply and erection of the equipment (representing an output of 8,400 tons/day of clinker in two kiln lines) total capacity of the plant will reach 13,000 tons/day, making it one of the largest cement plants in the world.

Syndicate partners for this contract are BBC AG Brown Boveri et Cie, Baden, Switzerland, supplying the electrical equipment; Dutch International Handling B.V., Amsterdam, member of the V.M.F. Stork group, which makes blending plants for limestone and coal; and the Polysius Group member of the German Krupp Organisation, supplying equipment and services for the cement plant.

The U.K. element in the contract is being handled by Polysius and is valued at over £4.4m. This covers mainly the pneumatic handling equipment and the supply of structural steel which will be fabricated in South Korea. Sterling finance has been arranged through Grindlay Brandts and underwritten by ECGD.

As the energy requirement has to be covered to a large extent by an inferior coal, Polysius says it is vital for the economical operation of the plant to use the Prepol system of pre-calcining a process developed by the company.

Oil platform design approved

AS OFFSHORE oil operators move out into deeper waters—platforms with 1,000-foot legs are under consideration—so the cost of building and installing conventional steel jacket or gravity type rigs rises steeply.

To economise on steel and simplify installation of drilling and production units, Deep Oil Technology, of Long Beach, California, has evolved a floating platform concept—TLP.

This stands for Tension Leg Platform, which describes the fact that buoyancy of the platform reacts against the constraint of vertical wire cables which anchor it to the sea floor. One result is that vertical platform motions are practically eliminated while lateral and rotational forces are also damped.

Deep Oil Technology has requested the Offshore Services Group of Lloyd's Register to provide a quality assurance report to make sure the proposed design would satisfy the requirements of Britain's Department of Energy, which are mandatory.

TLP is a space frame of triangular plan form with the three sides braced vertically and diagonally and upper and lower horizontal elements incorporating the deck and pontoons respectively.

Three groups on wire ropes provide the tension mooring, running from winches on the deck vertically down through the main columns at the corners to seabed anchors.

Length is 109.2 metres, breadth 125 metres and depth to upper deck 86.5 metres. Operating draught is 41 meters while extreme survival conditions are for a wave height of 33 metres and a wind speed of 100 knots.

This primary structure has been investigated using Lloyd's LOTS and LOADS facilities which, by spectral analysis, provide a measure of the motions, cable tensions and the loads due to irregular seas, both in transit and when moored.

Wave spectra appropriate to survival, operating and transit conditions have been used to determine resultant loads applied to the structure, represented by an idealised model comprising 129 beam elements.

Deflection and stress calculations were carried out using Lloyd's Nastran computing package.

Seabed conditions and anchor design have also been assessed as have anchor cables and connectors, the latter particularly with reference to corrosion resistance and fatigue performance.

Many other factors have been considered, including statutory U.K. requirements concerning hazardous areas, fire protection, electrical installation and bilge/ballast piping systems.

Within the limits of its study, Lloyd's Register considers the platform design as approved would satisfy the mandatory requirements of the U.K. Department of Energy's Offshore Regulations.

Ports study in Italy

FUTURE development of the four Italian ports, Trieste, Monfalcone, Torviscosa and Porto Nogaro at the head of the Adriatic is to be the subject of a special study by Peter Fraenkel and Partners.

This firm of consulting engineers in association with Electroconsult Milan has been commissioned for the task by Friuli-Venezia Giulia Regional Council.

It is considered that the ports afford natural points of entry to central and eastern Europe for traffic originating in the eastern Mediterranean or using the reopened Suez Canal. Creation of coastal industrial zones and an increased port capacity are among the opportunities to be investigated.

Terms of reference for the study include evaluation and prediction of traffic flows, cost/benefit analyses of alternative possibilities for future developments and drawing up of plans for each port including layout of installations and facilities. Indications of time schedules and financial requirements will also be given.

Fraenkel is to be assisted in the collection of data, preparation of traffic forecasts and in undertaking cost/benefit analyses by Coopers Lybrand Associates. It is expected that the study will be completed by the spring of 1978.

Variety of jobs for Wiltshier

ALTERATIONS and refitting of offices in Fenchurch Street, London, for the Norwich Union Group is being undertaken by Wiltshier. Value of the contract is £200,000.

Architects are Sidney Kaye Firmin and Partners and quantity surveyors Cyril Sweett and Partners.

Three other contracts awarded in London include the refitting of South Eastern Gas showrooms in the Old Kent Road and also at the Elephant and Castle, for a total of nearly £50,000, and the provision of larger office accommodation for Hillier Parker May and Rowden at 39, King Street, E.C.2.

Wiltshier has also gained a £60,000 contract in connection with a monorail system at a leisure centre now under construction at Rhyl, N. Wales, for the Borough of Rhuddlan.

The monorail is being constructed and installed by Fairplace of Nottingham and will provide joy rides for 36 people at a time. Twelve cars will be suspended from the monorail which will be attached to the main roof beams.

Another £60,000 award is for the supply of furniture and fittings for the CSS Bookshop Lagos, Nigeria.

Back in London the company is carrying out a £157,000 refit of the ground floor sales area for HMV Records in Oxford Street.

Maracaibo aerial surveys

IN COLLABORATION with Tercroca of Venezuela, Hunting Geology and Geophysics has carried out a survey and analysis of 10,000 square kilometres in the Sierra de Perija region of western Venezuela using magnetic and gamma ray spectrometry data acquired during grid pattern helicopter flights.

The work, worth an estimated £100,000, was carried out for Corpozulia, the Government corporation charged with developing the area around Lake Maracaibo. This is oil-rich, but the corporation is also involved in other natural resource developments, including coal, fisheries and steel, together with the financing of new development projects.

It is easy to under-estimate the importance of such projects since the price charged covers a wealth of technology. For instance, analogue and digital records picked up during the helicopter flights were translated by Hunting into contour maps of the magnetic and spectrometric data and also provided guidelines for the full interpretation.

The Hunting specialist subsidiary has to date carried out more than 3m. line kilometres of airborne geophysical surveys in many countries looking for oil and minerals.

Big Kenyan irrigation project

KENYA's National Irrigation Board has selected Sir M. MacDonald and Partners as consultants for the 14,000 hectare first stage of the Bura Irrigation Project on the lower reaches of the Tana River about 300km. nor the Mombassa.

Although it is early days, the total cost of the project can already be estimated at between $50m. and $100m. over the next five years.

Main object of this vast project, which is being appraised for financing by the World Bank, is to help stem urban drift by offering agricultural opportunities to settlers.

The assignment to the consultants will therefore be multi-disciplinary in scope, covering health and wild life in addition to agricultural and soil studies, the engineering of irrigation and the provision of new settlements. There must also be consideration of the administrative infrastructure for the scheme and for the people who will come in to farm the land.

Currently, the consultants' job is to review existing designs for a barrage on the River Tana and for irrigation and drainage works. They will prepare a comprehensive project planning report with firm cost estimates and economic evaluation.

The work will be carried out in association with Hunting Technical Services, Borehamwood and East African Engineering Consultants, Nairobi.

The first area to be developed is on the right bank of the Tana and is sparsely populated, while being covered with fairly dense vegetation. It is considered suitable for the production of cotton crops.

Servicing trailer

KNOWN AS the Beaver Servicer, a trailer unit that includes compressed air, lubrication, arc welding, generator, lighting, workbench, water wash and hand tools, is being produced by David Barton, Design and Marketing, Walsh Hall, Walsh Lane, Meriden, West Midlands (0676 22354).

The generator provides 5kVA and the 9.5 cfm compressor supplies air for several of the services at 100 psi. The compressor is an Atlas Copco KE2—the maker is at Swallowdale Lane, Hemel Hempstead, Herts, HP2 7HA (0442 61201).

IN BRIEF

● Lesser Building Systems has won a £103,000 contract from the British Steel Corporation for the construction of a two-storey amenity block at its Orgreave Works, Sheffield.

● A £1m. contract to build 49 houses and flats on the site of the old market place and adjoining land at Waltham Abbey, Essex has been awarded to Marples Ridgway. Building. Ronald D. Bradshaw is the architects.

● Anglian Building Products, a member of the RMC Group of companies, has won contracts from John Laing Construction, Scott-Hale (Contractors), Cementation Projects, and Mitchells Construction for various types of precast concrete units. Total value is over £1m.

BOND DRAWING

NEW ZEALAND
6¾% Sterling/Deutsche Mark Bonds 1982

S. G. WARBURG & CO. LTD., announce that Bonds for the amount of £551,700 have been drawn in tha presence of a Notary Public for the redemption instalmant due 14th March, 1977.

The numbers of the Bonds drawn ara as follows:—

£450 Bonds drawn

00578 and 00579	00666	00668 to 00676	00678 to 00682	00689 and 00690
00683 to 00699	00731 to 00752	00755	00759 to 00761	00774 and 00775
00779	00795 to 00798	00802	00807	00810 to 00814
00816 to 00822	00827 to 00830	00832	00834 to 00837	00849 to 00853
00886 and 00887	00891 to 00896	00919 to 00929	00932 and 00933	00937 to 00946
00956	00964 to 00980	00983 to 00987	00994 to 00998	01004 to 01009
01014 to 01018	01036	01039 to 01046	01051 to 01053	01056 to 01063
01066	01069 to 01072	01074	01082	01094 to 01096
01099	01106	01126 to 01131	01134 to 01139	01141 and 01142
01145 to 01149	01153	01155 and 01156	01168	01181
01185 to 01188	01199 to 01202	01206 to 01208	01220 to 01223	01228 to 01238
01240	01242 to 01247	01256	01259 and 01260	01280 and 01281
01285 to 01329	01336 to 01337	01382 to 01390	01398 and 01399	01401
01406	01422 to 01426	01437	01439	01442 to 01447
01451 to 01459	01466 to 01469	01475 to 01479	01484 and 01485	01501 to 01505
01508	01510 to 01520	01527	01536	01539 to 01542
01545 and 01546	01551 to 01561	01566 and 01567	01574 and 01576	01580 to 01595
01698 to 01607	01635 to 01643	01650 to 01653	01656 to 01666	01670 to 01679
01687 and 01688	01691 to 01694	01705 to 01726	01731	01740 to 01749
01767 and 01768	01782 and 01783	01790	01806	01812 to 01814
01821 to 01824	01834 to 01836	01843 to 01846	01851 to 01860	01875
01885 to 01891	01893 and 01894	01896	01898 to 01902	01906
01908	01916	01926 to 01934	01937	01940
01942 and 01943	01945	01949	01952	01954 and 01955
01960 to 01963	01972 to 01983	01985 to 01992	02020 to 02025	02033 to 02041
02043 to 02048	02052 to 02054	02063	02152 to 02155	02159
02174	02177 and 02178	02180 to 02184	02187 to 02206	02233 and 02234
02258 to 02260	02274 to 02276	02278 to 02294	02299 to 02308	02310
02318 to 02321	02327 and 02328	02330 to 02334	02337 to 02339	02343 to 02346
02348 and 02349	02365 to 02373	02380 to 02402	02429 and 02430	02443 and 02444
02446 and 02447	02450 to 02459	02468 to 02471	02478	02485 to 02481
02493	02528 to 02530	02534 to 02538	02547 to 02555	02625 to 02627
02630 to 02632	02638 to 02643	02670	02674 to 02697	02699
02721 to 02728	02730	02732 to 02735	02741 to 02749	02757
02763 to 02770	02780 and 02781	02783 to 02788	02794	02786 to 02798
02826 to 02827	02837 to 02839	02843 to 02846	02859 and 02860	02862
02865 to 02878	02882 to 02895	02901 to 02907	02911	02926
02942 to 02953	02955	02952 to 02965	02971 to 02973	02983
02989 and 02990	03000 to 03039			

£90 Bonds drawn

23691 to 23729	23731 to 23745	23771 to 23776	23779 to 23797	23805 to 23807
23810 to 23867	23869 to 23872	23875 and 23876	23880 to 23885	23888
23891	23893 and 23894	23896	23898 to 23900	23903 to 23955
23958 to 23980	23984 to 23999	24009 to 24017	24019	24027 to 24029
24031 to 24033	24037 and 24038	24042	24050 to 24113	24118 to 24124
24126 to 24150	24153	24155 and 24156	24169 to 24212	24218 to 24233
24236 and 24237	24240 to 24244	24250 to 24257	24262 and 24263	24265 to 24282
24285 to 24326	24328 to 24338	24354 to 24384	24386	24391 to 24394
24400 to 24498	24508 to 24519	24521 to 24529	24536 to 24538	24541 to 24572
24574 to 24584	24593 to 24596	24600	24603	24616 to 24716
24727 to 24735	24746 to 24750	24752 and 24753	24761 to 24767	24771 to 24780
24788 to 24802	24806 to 24809	24821 to 24828	24833 to 25156	

On 14th March, 1977, there will become due and payabla upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at tha office of:—

S. G. WARBURG & CO. LTD.,
30 Gresham Street, London, EC2P 2EB,

or with one of the other paying agents named on tha Bonds.

Interest will cease to accrue on the Bonds called for redemotion on and after 14th March, 1977. Bonds so presented for paymant must have attached all coupons maturing subsequant to 14th March, 1977.

£2,786,400 nominal bonds will remain outstanding after 14th March, 1977.

30 Gresham Street, London EC2P 2EB. 14th February, 1977

CONTRACTS AND TENDERS

YEMEN ARAB REPUBLIC
NATIONAL WATER SUPPLY AND SEWERAGE AUTHORITY
HODEIDA WATER SUPPLY AND SEWERAGE PROJECT

The National Water Supply and Sewerage Authority announces that:

A credit from Arab Fund for Economic and Social Development together with a credit from the International Development Association through the government of the Yemen Arab Republic, have been approved to finance construction of new water supply and sewerage facilities for the city of Hodeida, the main sea port of the Yemen Arab Republic.

It is intended that proceeds of these two credits will be applied towards payment under contracts for which this notice is issued. Bidding for the water supply component shall be open only to suppliers/contractors from countries who are members of the World Bank and Switzerland. Bidding for the sewerage component shall be open to suppliers/contractors from all countries except Israel and countries who appear on the Arab Boycott List.

Only tenders from suppliers/contractors experienced in supply, installation and construction respectively of projects of similar magnitude and of sound financial position, which would be part of the evaluation, will be considered.

SCOPE OF CONTRACTS:

TENDER 11/8, CIVIL WORKS

Water Supply:

This tender calls for laying 210 km. of water supply lines, 14,000 water house connections, as well as the construction of reservoirs, a booster station, miscellaneous buildings including twelve months of maintenance.

Sewerage:

This tender calls for the laying of 150 km. of gravity sewers, 21,000 sewer house connections, 3 sewage pumping stations, miscellaneous buildings including twelve months of maintenance.

TENDER 111/A, SUPPLY AND INSTALLATION OF MECHANICAL AND ELECTRICAL EQUIPMENT

Water Supply:

The scope of this tender comprises the supply and installation of transformers, submersible pumps, pumps for water supply, booster station, switch boards, panels, lighting, etc., including cabling, wiring and the supply and installation of miscellaneous other equipment and including the supply of spare parts. The contract covers also a twelve months maintenance period.

Sewerage:

The scope of this tender comprises the supply of/and installation of transformers, sewage pumps, switch boards, panels, lighting, etc., including cabling, wiring, and the supply and installation of miscellaneous other equipment and including the supply of spare parts. The contract covers also a twelve months period.

The documents will be available in the office of the National Water Supply and Sewerage Authority and at Messrs. F. H. Kocks, Head Office, Dusseldorf, West Germany, from Monday, February 14, 1977, onwards.

Interested bidders can purchase the documents by writing now to the following offices after payment of US.$250 being the cost of each tender.

NATIONAL WATER SUPPLY AND SEWERAGE AUTHORITY,
P.O. Box No. 104,
Sanaa—Yemen Arab Republic.

Consultants:
F. H. KOCKS, K.G.
P.O. Box No. 320625,
Dusseldorf,
West Germany.

The closing date will be Monday, May 16, noon.

PLANT & MACHINERY SALES

Description	Price	Telephone
140 K.W. LIFT OFF BELL TYPE BRIGHT ANNEALING FURNACE (1967) Complete with four hearths and ex-thermic generator.	P.O.A.	0902 42541/2/3 Telex 336414
SIX BLOCK NON SLIP VARIABLE SPEED WIRE DRAWING PLANT by Marshall Richards. 22" blocks 300—1000 ft. per min. 25 H.P. per block.	P.O.A.	0902 42541/2/3 Telex 336414
MODERN USED ROLLING MILLS, wire rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.	P.O.A.	0902 42541/2/3 Telex 336414
1974 FULLY AUTOMATED COLD SAW by Noble & Lund with batch control for cutting non-ferrous bar. Max capacity 5" round and square.	P.O.A.	0902 42541/2/3 Telex 336414
1966 DECOIL, FLATTEN, cut-to-length and sheet stacking line by Bronx max capacity 48" wide x 10 swg x 12 ton coil.	P.O.A.	0902 42541/2/3 Telex 336414
50 HP HORIZONTAL BULL BLOCK 600 mm diameter drawblock.	P.O.A.	0902 42541/2/3 Telex 336414
1970 CUT-TO-LENGTH LINE max capacity 1000 mm 2 mm x 7 tonne coil fully overhauled and in excellent condition.	P.O.A.	0902 42541/2/3 Telex 336414
1965 TREBLE DRAFT GRAVITY WIRE DRAWING machine by Farmer Norton 27"—29"—31" diameter drawblocks.	P.O.A.	0902 42541/2/3 Telex 336414
STRIP FLATTEN AND CUT-TO-LENGTH LINE by A.R.M. Max Capacity 750 mm x3 mms.	P.O.A.	0902 42541/2/3 Telex 336414
1963 HYDRAULIC SCRAP BALING PRESS capacity of main ram 85 tons.	P.O.A.	0902 42541/2/3 Telex 336414
THREE UNUSED 10 DIE SUPERFINE WIRE DRAWING MACHINES by Marshall Richards.	P.O.A.	0902 42541/2/3 Telex 336414

WANTED

Description	Price	Telephone
MODERN USED ROLLING MILLS, wire and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.		0902 42541/2/3 Telex 336414
CUT TO LENGTH LINE required for use in own works for aluminium 5 ft. min. cutting capacity. 5 tonne min. decoiler with leveller and run off table. Full details with price required.		0274 671200 Telex 517531

PLANT AND MACHINERY SALES/WANTED APPEARS EVERY MONDAY. For Advertising rates etc. contact: FRANCIS PHILLIPS, FINANCIAL TIMES, 10, CANNON STREET, EC4P 4BY. TEL: 01-248 8000, EXT. 456

The Executive's and Office World

EDITED BY JOHN ELLIOTT

Small computers can benefit medium-sized companies, but dangers exist which can lead to loss of information and other damaging effects. **Max Wilkinson** reports

Attitudes to office computer

[TH]E NEWEST small office [co]mputers, which will soon [be] standard equipment for [me]dium-sized businesses, carry, [wi]th all their advantages, a [nu]mber of serious dangers.

As information such as [ac]counts, customer lists, dis[co]unts and price lists, is con[ce]ntrated into magnetic tape or [di]sc, the potential risk from [lo]ss or damage becomes more [se]rious.

Suppose, for example, an in[co]mpetent or even a malicious [cle]rk loses an important custo[me]r's file or ledger card. The [re]sults could certainly be em[ba]rrassing, especially in a busi[nes]s where speed is important, [bu]t they would not be totally [di]sastrous. The damage could [be] repaired.

But if the same clerk were to [bre]ak one magnetic disc, the [co]mpany could lose, for [ex]ample, its complete customer [lis]t, accounts and discount [pol]icy. One large disc can hold [up] to 10m. words of informa[tion], and it can be broken quite [ea]sily.

So, ideally all information [sto]red on discs should be dupli[cated] on paper. But even then [it] could take some time to feed [th]e details back into the com[pu]ter. Meanwhile the firm's [bu]siness could almost come to a [sto]p because it is unlikely that [the]re would be either the [sy]stem or the manpower avail[ab]le to continue the accounting [wo]rk without a computer.

There is an obvious pre[cau]tion. Every magnetic record [mu]st be duplicated or "security [co]pied." The duplicate must be [reg]ularly updated, at least once [a d]ay, and the duplicate should [be] kept in a separate building, [pre]ferably in a fire-proof strong [roo]m.

Security

The need for "security copy[ing]" is now generally recog[nis]ed among suppliers and [use]rs, but some firms still do [not] appreciate the need, or, [mo]re likely, fail to enforce the [rou]tine needed, for making sure [tha]t their records are com[ple]tely secure.

[B]ut some of the simpler [sys]tems on the market make [sec]urity copying either difficult [or] impossible. However, as there [has] been a tendency for small [bus]inesses to instal visible [rec]ord card computers over the [last] 16 years the security issue [has] been much less pressing. [Mos]t of the 6,000 to 7,000 small [com]puters use these visible [car]ds, in which customers' accounts are typed on an ordinary ledger card.

The card has a magnetic stripe at one side of it, from which the computer takes its coded information for processing. Programs and subsidiary information are stored on tapes, but customers' accounts are filed in a visible form in the normal way.

The introduction of the "floppy disc" in the last 18 months or so is quickly changing this pattern. The disc's advantage over tape is that the computer can move the pick-up head to any "groove" within about a fifth of a second. It can therefore pick out customers' accounts or other information in any order it chooses.

This enables customers' accounts to be printed out alphabetically for the ledger. They can then be re-sorted instantly for printing out the day's business, printed in numerical order, or analysed according to the size of business, credit rating and length of outstanding debts.

Most of the manufacturers in the field, including Adler, Burroughs, IBM, Kienzle, Logabax, Nixdorf, Philips and Singer, offer floppy discs as a quite expensive extra. It seems likely, however, that the floppy disc will make increasing headway as labour costs increase, and become more or less standard in the medium sized machines.

It is also likely that many firms which have opted for the simplest electronic machines like the Adler TA 10 and the Olivetti A5 will move into the more sophisticated market. The simpler machines in the £2,000 to £3,000 range are little more than electric typewriters attached to a small computer intended for keeping sales ledgers up to date. The Olivetti A5 has sold about 10,000.

But the danger of floppy discs is clearly that almost all of a company's records are coded as magnetic pulses which could, theoretically, be wiped out at the touch of a few buttons.

A strict routine of security copying will eliminate only part of this danger: the office manager needs to be sure that an adequate daily record in printed form is kept for auditing and other purposes. These printouts, which outline the day's work, must be carefully incorporated into the office routine, along with a logging procedure, and other routines for keeping an orderly track of the machine's manoeuvres.

Inefficiencies

Even minor inefficiencies can lead to a loss of business and bring blame on the computer. For example, a customer ordering a standard spare part for an electric cooker recently was told there would be a 10 to 14 days' delay "because it had to be processed by the computer." Since the time taken to key in and process the order would be measured in seconds, the office organisation appears to be seriously awry.

Alternatively, the computer may not have been the right one for the job demanded of it. Perhaps this is the greatest danger of all, for if an office manager buys an inadequate system, it may take him up to a year to find out what is wrong and to instal and programme a better machine.

One large national company, for example, installed a series of small accounting machines using magnetic cards to make up sales invoices. It found the machines slower than expected in dealing with the complicated product range and discount structure. As a result, the firm got two months behind with its invoicing and was giving, in effect, a £2m. interest free loan to its customers.

Another worry is the possibility of breakdown. In the relatively few applications where a firm must have continuous operation in "real time," for example the Stock Exchange, newspapers or commodity brokers, the answer is to have two computers with an automatic switch over if one should go wrong. Most other companies can rely on rapid servicing.

The risk of a major breakdown with machines from the better manufacturers is now fairly small because service engineers need only to exchange the electronic panel which is giving trouble.

Mr. Vic Marriott, sales manager for Adler Business Systems, which markets the TA 1000 said: "We can usually send a service engineer round within a matter of hours. I even had a complaint from one customer because we took three hours to service the machine instead of the usual two. Customers have become so used to rapid service that we cannot afford to let the standard slip."

The need for advice on office procedures to cope with the computer age will increase because in the next few years many small firms will be buying quite sophisticated equipment. In real terms the cost of accounting machines has been falling quite fast. Only five years ago a mechanical accounting machine with 10 registers cost about £3,000.

Sophisticated

Now for the same nominal price, companies can buy much more sophisticated equipment, while in the £8,000 to £15,000 range they can buy something capable of a completely new range of tasks in addition to routine functions.

But in addition to the security aspects, managers must also consider the effects on the people who operate the machines. Reed Corrugated Cases is one example of a company which was recently forced to buy office computers to cope with the increasing complexity of pensions and taxation. The company bought three Adler TA 1000s, and after two and a-half years is still finding new jobs for them to do.

Mr. Stan Johnson, accountant for the firm's Croydon branch, said the first difficulty was in getting the operator to accept them. "They were frightened at first, but after a time they seemed to enjoy working on the machines."

A greater difficulty was that the operators did not have enough to occupy them during the day. "We could have lost about three out of 12 jobs, but we decided there would be no redundancies," he said.

Instead the company developed new programmes to provide extra information like lists of debtors for improving credit control. Adler is one of the companies which, like the Computer Information Centre, provides a complete software and programming service, which small businesses in particular require.

Not all manufacturers provide such a comprehensive service, however, so that for the company thinking of buying a small computer for the first time, it is important to be fully briefed on all the pitfalls as well as the potential advantages.

An example of one of the newest types of small office computer is this Adler TA 1000. *Trevor Humphries*

COMMUNICATIONS

Post Office establishes another link with U.S.

BY CHRISTOPHER LORENZ

A MAJOR innovation in computer communications to-day becomes available to organisations all over Britain. At the touch of a few buttons, customers of the Post Office's public Datel service (for domestic data) will be able to gain access to a large number of databanks in the U.S.

The P.O. has won praise from prospective users of the new service, which is intended to run for an initial one-year trial period: after that, more hook-ups of this sort with the U.S. may be approved. But to many British providers of computer services, the new link serves to underline how far they have fallen behind their U.S. competitors in the fastest-growing sector of the bureau business: networking (otherwise known as remote computing).

But the providers hold the Post Office itself largely to blame for their backwardness, and for the lack of any real prospect of catching up in the next few years. The whole issue also highlights the way in which bureaux generally seem to be the only sector of the computer industry which is not in line for support from the Government or the National Enterprise Board.

Access

The new service provides access to the U.S. network operated by Tymnet Inc. This links a number of databases (in effect, computerised libraries) containing a wealth of technical and scientific information. Access from the U.K. will be through the London facilities of Tymshare, a specialised computed bureau which is part of the same group as Tymnet.

Likely British users include the chemical industry, oil exploration companies, technical designers and medical bodies, and universities and research organisations. They will be able to secure information on a wide range of subjects, from pollution to patents, engineering to economics.

Typical uses, according to the Post Office, would be for a pharmaceutical company to seek information on the biological effects of drugs, or a manufacturing company wanting information about international patents.

More important than the choice of a U.S.-owned bureau as the access point to the Tymnet network is the underlying question of why Britain and the Continent are so far behind the U.S. in this field.

Access to a public database thousands of miles away is only one aspect of remote computing services. Even more important in revenue terms to the service industry is remote processing by a public bureau of other organisations' data. Many U.S. companies now specialise in this fast-growing business: some of them have British subsidiaries. The most recent example was last month's takeover of the London-based LUCS bureau by United Computing Systems of Kansas City, Missouri. A subsidiary of United Telecommunications, third largest telephone operating company in the U.S., United Computing Systems operates a data communication network which offers services to clients in 140 U.S. and Canadian cities.

Private European networks which provide access to databases are beginning to appear, such as the EEC's European Informatics Network and Euronet, which will start operations late next year and could later go public. But by then, the U.S. network operators will have opened up an even wider lead.

Problems

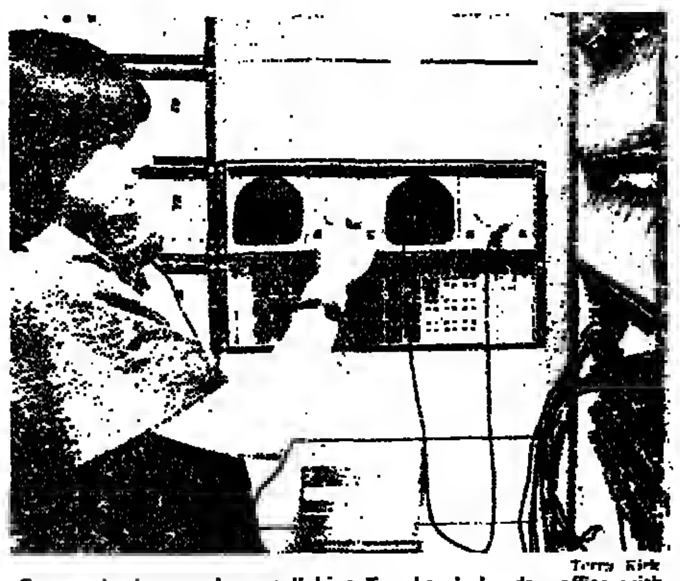
One of the main problems in Europe has been to agree on common technical standards, so that national networks can talk to each other. But equally difficult, for those in the services industry, have been the monopoly regulations of the national post offices. Most of them are even stricter than the British PO in refusing to allow customers to share the high-quality telephone lines which they can rent for private use. Shared use would cut costs to the user, but the post-offices fear a loss in their own revenue.

At the same time, most of the European post offices have been slow to instal the sort of public networks which sophisticated computer users say they want.

Strategy

Both the Government and the National Enterprise Board now seem to grasp the closely related nature of the computer industry's various parts, and the need for a comprehensive growth strategy. Minicomputers, peripherals, components and even software have now been included in the net, the latter by this month's announcement of a new NEB subsidiary to promote exports.

Bureaux account for two-thirds of the service sector's £260m. turnover, but they are still out in the cold as far as government policy is concerned. As the data processing factories of the future, they deserve encouragement. In their area of greatest need, remote processing, no Government or NEB strategy could be effective without the full collaboration of the Post Office. Even then, it would be difficult to reconcile the PO's monopoly position with the best interests of bureau exports.



Communications equipment linking Tymshare's London office with the U.S. *Terry Kirk*

Information sources

A COMPREHENSIVE guide has just been published giving a host of sources of business information. Running to 188 pages, the book aims to be a basic, annotated pointer to business books and reference sources in many different countries.

Called Business Information Sources, the volume is divided into two sections, the first dealing with various types of business reference sources and the second concentrating on literature relating to business management.

Thus, the earlier chapters are on such subjects as methods of locating facts: locating information on companies, organisations and individuals; industry statistics; and investment sources. The latter chapters concentrate on subjects like corporate finance and banking; management science and statistical methods, marketing; insurance and real estate; and accounting control and taxation.

Business Information Sources, by Lorna M. Daniells, The Center for Business Information, 7 Rue Buffon, Paris, France. Price $24.95.

Business courses

Economic Revival and Industrial Innovation, Royal Garden Hotel, Kensington, W.8. March 16. Fee: £40, including lunch and pre-prints of papers. Further details from The Secretary, Joint Conference Committee, IPI, Whiteley Building, 165, Queensway, London W.2.

Distribution in Europe, Stratford upon Avon Hilton Hotel. March 9-10. Fee: £90, plus VAT. Further details from The Conference Department, British Institute of Management Foundation, Management House, Parker Street, London WC2B 5PT.

Design Liability in Construction Industry in 1977, Royal Lancaster Hotel, March 16-17. Details from Oyez IBC, Norwich House, Norwich Street, London EC4.

THE FINANCIAL TIMES
(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)
Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897
For Share Index and Business News Summary Ring: 01-246 8026
Manchester: Queens House, Queen St. 061-834 9381
Paris: 36 Rue du Sentier 236.58.59 (editorial) 236.86.01 (business)
Bonn: Pressehaus 11/104 Heussallee 2-10 210039
Frankfurt: Im Sachsenlager 13 555730 (editorial) 554667 (business)
Washington: Second Floor, 1325 E. Street, N.W., Washington D.C. 202 347 8676
Jo'burg: 637 Union Centre East corner Pritchard and Harrison Streets, P.O. Box 2128
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Tel: 241 2920
MONDAY, FEBRUARY 14, 1977

Survival of the fittest

MR. EDMUND DELL, Secretary for Trade, in a speech delivered on Saturday, attempted to dispel some of the illusions which still exist about Britain's place in the world economy. His main theme was that world trade was a battleground in which there are no prizes for the losers.

In elaborating this theme, Mr. Dell discussed both the conduct of trade negotiations and the handling of economic policy in terms which were a good deal blunter and more realistic than those one is accustomed to hear from Government Ministers and Labour Party politicians.

Mr. Dell argued that the Nixon measures of August 1971 represented a return to nationalism and a blow to the fabric of inter-dependence which had been constructed since the war. There has been, he suggests, a revival of mercantilism, not in the sense that free trade is abandoned, but in the way in which each trading nation makes a careful calculation of its interests and adopts policies appropriate to those interests.

Larger share

For instance, the negotiations now in progress between the U.S. and Britain over civil aviation he describes as "a battle between two nationalisms." The attempt by the developing countries to win a larger share of world shipping through the U.N. liner code is mercantilism "raised to the level of an international treaty."

Mercantilism is not incompatible with free trade, Mr. Dell believes, but the commitment to free trade is qualified by national self-interest. Japan had built up a large trade surplus by aggressive exporting, but was unwilling to accept compensating imports from the countries whose markets she had invaded. Similarly, the EEC's common agricultural policy was "the invention of people who do not believe in free trade in agricultural products."

In theory, it should be possible to reconcile self-interest with the desire to foster inter-dependence in the interests of peace and prosperity. This would be the principle of balance, perhaps expressed in a new UN Charter whereby constant large surpluses would be, in international trading terms, a form of aggression. But Mr. Dell is not optimistic.

He notes that Germany and Japan had not been persuaded to cease adding their own surpluses to the difficulties caused by the oil surpluses. The U.K. intended to maintain a substantial surplus for many years once North Sea oil was in full flood.

There is a danger that Mr. Dell's remarks will be construed as a call for even more nationalistic policies, but he emphasises that free trade is a British interest provided reasonable rules of conduct operate.

To retreat into import controls would be to start a battle we could not win. We could never hope to maintain controls for the period of years which would be necessary, according to the advocates of this policy, to regenerate our industry.

Strong economy

The lesson which Mr. Dell draws from this is that the only way to promote British interests is through a strong economy and a competitive industry. Relying on the goodwill of others, as the U.K. has been doing, is not the way to win the battle for international markets. Mr. Dell is critical of the tendency to borrow to finance a standard of living which the country is not earning, especially after the 1973 oil price increase.

"National solvency, rather than indebtedness, provides the secure basis which might actually persuade businessmen to invest."

North Sea oil should help us to achieve a continuing balance of payments surplus, but it must be used for rebuilding our industrial strength, not frittered away in consumption. Even more welcome is Mr. Dell's advice not to expect too much from Government policy.

"The source of economic growth is more likely to be in the vigour of industrialists, the co-operation of labour forces, than in the devices of governments." One hopes that his colleagues will take note.

In anticipation of Mr. Carter

IT IS a tribute to the power of a new U.S. Administration that there has already been some movement in two of the most troublesome parts of the world—Cyprus and the Middle East—even before U.S. diplomacy has got under way. Mr. Cyrus Vance, the new Secretary of State, begins his tour of Middle East capitals only to-day, and Mr. Clark Clifford, the U.S. special emissary, leaves for the Eastern Mediterranean later this week.

The two men have been preceded by Dr. Kurt Waldheim, the UN Secretary-General, who has visited both areas and has found in Cyprus in particular a new readiness for a negotiated settlement.

U.S. interest

One does not wish to take any credit away from Dr. Waldheim; nor should the usefulness of the UN as an umbrella under which negotiations can take place be under-estimated. But it seems likely that the real reason why attitudes on the spot appear to have changed is an awareness of what a new U.S. Administration can do.

Only the U.S. has the power to influence both sides in the disputes and the U.S. is the only outside power which can bring settlements about. In the Middle East, indeed, the key Arab States began signalling their desire for an initiative by the new Administration some months before the new President took office. In Cyprus, the mood seemed to change once Mr. Carter had indicated that the Eastern Mediterranean would be a priority area. Under Dr. Kissinger it had never been any such thing.

What matters now is how far the U.S. maintains a top-level interest. Neither the Cyprus nor the Middle East questions are necessarily insoluble, but equally neither will be solved without sustained U.S. pressure over a longish period. In Cyprus there are reasons for each of the parties to the dispute to be unhappy with the present situation, and therefore ready at least to consider a settlement. The Turks, for example, have found themselves deprived of U.S. arms as a result of their invasion, and the Turkish part of the island is neither flourishing economically nor recognised internationally.

The Greek Government does not want anything to happen which could get in the way of its application to join the European Community. Even Archbishop Makarios has found that his appeal to the Third World has done nothing to alleviate the situation on the ground. Taken together, the elements of a negotiation from which all parties could benefit are there, though it will take time and patience to bring a settlement about.

As for the Middle East, it was Dr. Kissinger himself who remarked shortly before he left office that the prospects for a negotiated solution had never been so favourable. The principal Arab States — Egypt, Syria and Saudi Arabia — all want a settlement and Egypt and Syria have stopped quarrelling with each other.

The Palestine Liberation Organisation (PLO) has been tamed, if not squashed, to the point where there have been strong hints of it accepting the right of the State of Israel to exist, thus undermining the main Israeli objection to negotiations with the PLO.

So much, of course, is theory rather than practice. A great deal in the way of persuasion remains to be done. But it is a long time since the situation in either Cyprus or the Middle East looked so promising and a long time since there has been a U.S. Administration capable of taking advantage. The visits of Messrs. Vance and Clifford suggest that President Carter has understood this, but it is the application over the long haul that will tell.

U.K. manufacturers fear a new wave of TV tube imports. Max Wilkinson reports

Hitachi puts a foot in Europe's back door

JUST A year after Thorn was forced to close its £14m. television tube factory in Skelmersdale, Lancashire, work is starting on a new plant to produce Japanese tubes in Finland not least for export to Britain.

Most of the tubes will be exported within Europe, and the Finns regard the U.K. as one of their main targets. The new, highly automated factory will be particularly important to Britain if Hitachi should go ahead with its plan to set up a television-set manufacturing base in the U.K.

These plans are at present hanging fire partly because of pressure on the Government by British manufacturers who fear that Hitachi could be given a foothold for assembling and selling sets whose main components were imported.

Sony and Matsushita already have manufacturing plants in South Wales. At present more than 60 per cent. of Sony's components are imported. The Department of Industry is trying to persuade the company to use at least 50 per cent. British components.

Certainly, the establishment of the new tube factory with 60 per cent. backing from the Finnish Government and an ultimate capability of 800,000 picture tubes a year will be an important advance in Hitachi's strategy for moving deeper into the European television market.

Hitachi has the third largest of the Japanese shares of the European consumer electronics market after National Panasonic and Sony.

The factory, on Finland's eastern border with Russia is to cost about £30m. and will employ only 450 people. It is being established by a new company called Valco, owned 60 per cent. by the Finnish Government, 20 per cent. by Hitachi and 20 per cent. by Salora, the major Finnish television manufacturer.

Compatible tubes

Hitachi has developed a new type of the modern 110 degree "in line" tubes which will be compatible with one of the two main "in line" types used in Europe, the RCA tube. The "in-line" tube, which will eventually become standard for all colour sets, replaces the older technology of "delta" tubes. The difference is that the three electron colour guns in the neck of the tube are in a straight line instead of being in a triangular formation. The "in line" tubes give better definition and greater reliability because the set's electronics can be simplified.

The crucial commercial difference is that the "in line" tubes are not interchangeable in the same way as the older models. Set makers who have designed for an RCA or the Philips 20 AX tube cannot therefore switch easily to a Japanese import. On the other hand, Hitachi's new Finnish tube, it is claimed, can be fitted without much difficulty to all the sets designed to accept RCA tubes, and will therefore be able to compete directly in Europe.

In Britain, the major prize for Valco would be Thorn, which is still buying RCA tubes from the U.S., although it has not yet switched the majority of its production to the "in line" type. With a capacity of 500,000 sets a year, Thorn could take half the Finnish production if it wished. The company has not yet decided where to buy its next generation of tubes.

EUROPEAN COLOUR TV SETS AND TUBES 1976

Production and Market (estimated)

	000's of sets PRODUCTION	000's of sets MARKET	000's of tubes PRODUCTION	000's of tubes MARKET
Austria	310	180	—	380
Belgium	650	270	500	800
Denmark	70	190	—	100
France	1,050	1,100	900	1,300
Italy	620	400	800	720
Netherlands	100	440	750	130
Spain	140	200	110	180
Switzerland	30	200	—	40
U.K.	1,650	1,850	970	1,950
West Germany	2,600	2,100	2,900	3,200
Scandinavia	620	550	80	700
	7,840	7,480	7,010	9,500

Source: James Capel

It is being wooed strongly by Mullard the Philips subsidiary now the only U.K. tube manufacturer with tacit support from the British Government, which would like the major U.K. manufacturer to buy from a home supplier.

The determination of Salora and Hitachi to step up exports to Europe is underlined by the fact that Valco will produce large numbers of Japanese designed tubes in 26 inches and 22 inches, the larger sizes which are not currently available from Japan. In these sizes Japanese colour television manufacturers have so far been kept out of the European market by the restrictions imposed by AEG-Telefunken when it granted licences to the PAL system of colour television.

Next month Salora's top management will be visiting Britain to set up the company's first direct retailing operation in the U.K. They will also be exploring the market for tubes and seeking to persuade Thorn to open negotiations with them. The Finns believe they have a strong argument with the British Government for increasing exports to the U.K. because of the recent order by the Finnish Air Force for £100m. worth of Hawker Siddeley Hawk Trainers.

At the same time they have a great need to expand exports to justify the investment of £30m. in a tube factory whose viability has been hotly debated at home. Because tube manufacture is highly capital intensive, big volumes of production of around 800,000 tubes a year are needed if the plant is to be profitable.

This is well over double the set-making capacity of Finnish industry. The Government is therefore faced with much the same problem as that encountered by the British Government when it was looking for ways to rescue the Skelmersdale plant from collapse in 1975. Indeed, the problems are more acute, for the total Finnish market for colour televisions is 90,000 a year, only about a twentieth the size of the U.K. domestic market. Yet the tube factory now being built will have about the same capacity as that which Thorn closed down.

Mullard's production is about 1m. tubes a year. By the end of the year it will be about 1.3m., and could be stretched to around 2m.

The difference in approach between the two Governments doubtless has much to do with the deeply entrenched philosophy of "export or die" in a country of only 4.7m. people at the edge of Europe.

Salora, for example, exports nearly 60 per cent. of its production, a far higher proportion than British manufacturers whose exports have generally been no more than about 10 per cent. In spite of its heavy dependence on export markets, Salora has shown a remarkable growth in the last few years. Turnover in 1975 increased by 53 per cent. on the previous year. Although growth has steadied to about 10 per cent., the company's outlook is still expansionist.

The long term calculated risk which Salora and the Finnish Government has had to take is that which faces all European tube makers—will they be able to keep a worthwhile share of the market before sales of colour televisions inevitably start to decline?

At present the European market for colour tubes, including replacements and provisions for stocking, is around 9.5m. a year. This is rather smaller than the total annual capacity of Japanese manufacturers. The current gap between the European market and its production is about 2.5m. a year, which theoretically leaves room for Valco and other plants like Mullard's in the U.K. to expand. However, Far Eastern imports show little sign of losing the ground they have already won: the large scale colour tube production in Taiwan, which Philips has set up will reinforce the trend.

At the same time the long term future of television sales in Europe must be in doubt as an ever greater proportion of families have changed from black and white. In the U.K. just under half the households have colour. In Germany only 42 per cent. have colour. In France the proportion is lower at 25 per cent. while in Finland, for example, only 22 per cent. have colour.

At present the total European market for colour televisions stands at about 7.5m. units a year, rather fewer than the total production. Imports to Europe, mainly from Japan are therefore roughly balanced by exports to other countries like Australia and South Africa.

Mr. Jouko Nordell, president of Salora.

The prospects for a steady level of colour television sales over the next five to six years are therefore reasonably good. But what will happen as the markets reach saturation is more difficult to guess. First, the sales of small portable colour sets in which the Japanese excel, can be expected to increase as more families buy a second set.

In this case Valco, like Mullard in the U.K., would need to make a shrewd advance judgment in order to gear down production to smaller sizes of tubes—18 inch, 15 inch or even smaller. If they fail to anticipate this market, they may be caught as British manufacturers were in the early 1970s by the unexpected surge of portable black and white sales.

Alternatively, manufacturers may feel that the "second set" of the 1980s may be in the medium size, 20 to 22 inch, with increasing sales of 26-inch sets for the family's main room. This appears to be the pattern developing in Germany. Valco's strong emphasis on 26-inch tubes would fit in with this development. But Mullard, with the British market in mind, is concentrating on the medium size for its first phase of production of the 20 AX "in line" tube.

For Salora, one answer to this dilemma is to seek markets outside Europe. This month, the president, Mr. Jouko Nordell flew in his private jet to Kuwait to negotiate the setting up of an assembly plant aimed to serve the expanding markets of the Middle East. Negotiations are now well advanced with the Kuwaiti and Saudi Arabian governments on possible sites. The company already has a factory in Swaziland which produces 100,000 sets a year for the South African market. And it is now actively considering whether to start a subsidiary in South America.

The company's interest in exporting to Britain goes back to 1960 when Lord Bernstein, head of Granada, bought 50,000 sets which were rented under the Finlandia label. This boost, and the subsequent steady flow of orders from Granada, virtually put Salora on the European map and was the base for its subsequent expansion. Now the agreement with Granada which prevented Salora selling its set in the U.K. has expired, and the second phase of its attack on the U.K. market through direct retailing is due to begin next month.

Salora's expansion into picture tube manufacturing was announced officially a year ago when the joint agreement with Hitachi was signed. For some time before that the company was negotiating with other possible partners including Westinghouse, RCA, Toshiba and Philips.

Mr. Nordell said their main purpose was to secure their supply of tubes, which account for some 30 per cent. of the value of a colour set. The Finnish Government, faced with acute balance of payment problems was also anxious to help reduce imports.

From the start, Salora realised that it could not afford to undertake a project of such high risk on its own so that major Government involvement was inevitable. An established tube maker was also needed to provide the technology.

Philips soon dropped out; eventually Hitachi was chosen mainly because it offered better financial terms. Now the main construction is well under way, and the first phase of production is to start in a year's time. Full production of the first phase of 400,000 tubes a year will begin in April 1978. The second phase, stepping production up to 800,000 tubes a year is planned for two years later. Half of the tubes in the first phase will be 26 inch, the size preferred in European markets.

The factory is intended to save some £15m. a year on the balance of payments and will have a turnover of £38m. in the first phase. It will be highly automated with about 50 industrial robots and only 450 employees, mostly engaged in quality control. By comparison, the Skelmersdale plant with capacity of 1m. tubes, employed nearly 1,400 people.

On the other hand, Salora's television set-making plant in Salo is comparatively labour intensive with 2,000 employees and an efficiency which is probably rather below that of the best plants in Britain. Labour costs are high at an average of £75 a week compared with £40 to £45 in Britain and inflation at 12 per cent. to 15 per cent. a year is as serious a problem as in the U.K.

Aggressive marketing

The company's success in export markets compared with the very poor past performance of British setmakers does not therefore derive from any special natural advantage. Indeed, compared with Japanese, Swedish or German workers the Finns have a reputation for being rather easy going, and difficulties with unions have been at least comparable with those in Britain.

The company's success has therefore depended on aggressive marketing, quality control and a big effort to keep abreast of latest designs. Salora sets incorporated the 110 degree "in line" tube, touch tuning and other features required in Continental European markets well before the bulk of sets produced by British manufacturers started to catch up.

Recently the main British manufacturers have been putting much more effort into quality control and designing for exports. For example, Decca's new set based on the Mullard 20 AX tube has been designed entirely for the Continental market. The company says it hopes to be able to export half its production of up to 200,000 sets a year.

At present only about 10 per cent. of the 1.7m. colour sets sold in the U.K. are imported. But unless manufacturers considerably widen their markets, they are bound to be vulnerable in future to the big fluctuations in home demand which have in the past drawn in imports during a boom and then produced disastrous over-capacity in the downturn.

The Finnish example may also carry an important lesson for the British Government. For if the Valco venture does prove successful, it will support the argument that substantial Government aid is often needed in effect to buy into and hold a worthwhile slice of the European consumer electronic market.

MEN AND MATTERS

Cashing in on Sunday

While the concept of a completely cashless society remains an ideal for many people, it is nevertheless inconvenient, not to say embarrassing, to wake up penniless on a Sunday morning. But such torments are now over, at least for some residents of North London. Yesterday the Bank Leumi (U.K.) threw open its doors in Golders Green Road and it will be open every Sunday morning from now to conduct normal banking business.

It seems a bit of a mystery why no-one thought of it before; many assumed that such a happening was against the law. But as Geoffrey Wisenfeld, deputy head of the Israeli bank's U.K. operations, explained, after consultations with lawyers about the definition of a trader and what is and what is not perishable goods, it was found that no restriction against opening existed.

It is, of course, no accident that this bank should open in just this neighbourhood. Bank Leumi is the largest and oldest of Israel's commercial banks and Golders Green has a large Jewish population. About the only thing missing at yesterday's opening were coffee and beigels to accompany that cozy chat with the manager. But, as Wisenfeld said, such an addition to the service has not been ruled out.

The bank was the first to provide free banking on current accounts in the U.K., and during the weekdays its Golders Green branch stays open from 9.30 to 4.15. As branch manager Michael Levene puts it: "We try to smile a little more." Sunday opening was the next logical move.

The customers seemed very pleased about the whole exercise. As one man explained it was the only time in the week he could get to the bank without being pinched by a traffic warden as well as having to lose time from his business. And, he added, if more people were prepared to work an additional two hours a week, the country would not be in the mess it is.

Another appreciative section of the population seemed to be the children: several were observed clutching piggy banks and explaining that this was the only bank they could get to outside school hours.

Horse sense or nonsense?

Ireland's racing fraternity—more or less the Republic's total population it often seems—is now pondering a fierce Boardroom battle that threatens to change the face of the Irish bloodstock business. A secret takeover move to "rationalise" the two rival thoroughbred sales companies into one has developed into a three-cornered showdown involving the top names in Irish racing.

The contestants are Goffs, larger and reputedly more progressive of the bloodstock agencies with £5½m. sales and a tight grip on the lucrative flat racing market, and Ballsbridge International Bloodstock Sales, which is expanding fast and last year doubled its turnover, chiefly in National Hunt racehorses, to £1½m. The third organisation in the tussle, and the one whose involvement is creating bad blood on both sides, is the august Royal Dublin Society, the body that runs the Dublin Horse Show and a host of exhibitions and cultural events.

Ten days ago, Goff's managing director Johnathan Irwin confidentially presented detailed proposals for the formation of a single bloodstock company. While retaining both names, the new company would, he argued, not only offer a unified sales and marketing service for Irish breeders but would also guarantee profitability. At present, both Goffs and Ballsbridge run at a loss. Little money would change hands, but it was clear that Goffs would be assuming control of its smaller rival.

"He's just realised that for the rest of his life he'll be known as a 'Lavender Lord'."

The takeover plan was not entirely Irwin's initiative. Although Ballsbridge Sales is the Dublin Society's own creation and makes use of the society's extensive premises in Dublin, the idea apparently originated inside the RDS itself. The society's chairman, eminent economist Professor James Meenan, is understood to favour hiving-off the bloodstock operation to concentrate on more profitable ventures.

The twists and turns of the takeover row are complex because of the historical tensions that beset Ireland's horse world. Until 1973 Goffs held the RDS license for bloodstock sales and enjoyed a lucrative monopoly. Perhaps because that disfavoured the many small breeders Goff's licence was revoked overnight and Ballsbridge Sales was formed in 1975. For tax reasons, the RDS being a charity, it is an independent company but guaranteed by the society.

On strictly financial grounds, merging the two seems sound sense. Even though the two rivals last year grabbed back a sizeable share of the business that had been going to British sales, ending up with a combined 31 per cent. of U.K.-Irish trade as against 19 per cent. before, heavy overheads and continuing tough competition from the giant Tattersalls make a merger attractive. On the other hand, both companies are separately headed toward small trading profits this year and many Irish breeders would hate to see a new monopoly.

The chances are that Goffs's bid will fail after a storm of protest in racing circles that seems certain to pressure the RDS into backing Ballsbridge against Goffs. But the speculation is that Tattersalls could jump in to take Ballsbridge off the RDS's hands and give Goffs a real run for their money.

Stay home

More reports of "beware" type signs: Off-course ramblers in one part of Hertfordshire are advised "If bitten by an adder telephone hospital Watford 25611"; and a Derbyshire notice, spotted some years ago, ran "Beware of the Bull. Survivors will be prosecuted."

Observer

هكذا من الأصل

FINANCIAL TIMES SURVEY

Monday February 14 1977

NIGERIA

If the present military leaders have their way, Nigeria will have a democratically elected government as a nineteenth anniversary present in 1979. But there are potential minefields on the way.

Scene set for change

By Bridget Bloom,
Africa Correspondent

IT IS accidental that this survey appears on the day that Nigeria is officially mourning the death of its former head of state, General Murtala Muhammed, who was shot on February 13 last year in an otherwise abortive military coup.

But it is perhaps fitting to begin this analysis of Africa's most populous and potentially its richest and most powerful state, with that event. For though General Muhammed had been in power for only six months, and had himself become head of state as a result of a successful and bloodless military coup, many Nigerians have come to see his death as a political watershed.

That watershed may not be as significant as the Nigeria-Biafra civil war, which ended seven years ago and which has, quite remarkably given the degree of bitterness at the time, now receded into history, with most, if not all, of its scars, being healed. But it is certainly as potentially important as the original assumption of power by the military in January 1966, just over 11 years ago.

The main reason perhaps is that General Muhammed's death, at the hands of junior to middle ranking officers with primarily personal grievances, has once more raised the stark issue of whether the army is capable of giving Nigeria the stable government it so much needs if it is to use its oil wealth for the betterment of its estimated 70m. people.

The assassination of General Muhammed, though it was not followed by the intended full-scale coup, showed how the policies of even the best intentioned government could fall prey to the whims of individual disgruntled soldiers. Inevitably, perhaps, it has underlined for Nigerians not only the inherent unpredictability of military rule but also the potential threat to any future civilian government which the military themselves may instal.

This is not to say that Nigerians doubt the intentions of the present Government, led, since General Muhammed's death, by General Olusegun Obasanjo, to fulfil its programme, the central plank of which is a promise to return Nigeria to a democratically elected civilian Government by October, 1979.

Coalition

The Government's programme, since followed to the letter by General Obasanjo, reflects the nature of the essentially coalition regimes which took power on the overthrow of General Gowon in July, 1975. The Government then, and now, was essentially a coalition of older, more established military figures, like General Muhammed himself, and General Obansanjo, and of younger officers who, so the wisdom goes, were the prime instigators of General Gowon's removal from office.

On the one hand, was the effort to clean out Nigeria's "Augean Stables" and on the other, a declared intention to implement a political programme which was very similar to that announced by General Gowon after the civil war but which had remained largely unimplemented.

It began with determined action to correct the most obvious excesses of the Gowon regime, which was accused of lacking a sense of direction, and of allowing the country to drift, as well as allowing and even encouraging corruption in high places. Thus the military Governors of the 12 states, accused of treating their states as private fiefdoms, were summarily removed and replaced by younger men enjoined to ensure public and personal probity. There was a determined and largely successful effort to cure port congestion, during which the notorious "cement scandal" was unearthed, and probes were ordered into the affairs of senior military men, some of whom lost their jobs—though by far the most dramatic purges occurred in the civil service where within a few months, 10,000 people, ranging from messengers to permanent secretaries, were sacked. Officially they were accused of inefficiency, or corruption, and although the purge was also motivated by the younger officers' distrust of civil service power, which in a decade of military rule and the absence of politicians had greatly increased.

The purges and the anti-corruption drive have undoubtedly had some beneficial effects, although not even the government would claim that corruption has been eliminated, and there are still suggestions that it persists even in high places. And, though the government insisted that it was not intent on victimisation, there can be no doubt that the morale of the civil service has suffered. (An ironic side-effect of the purges has been to undermine the long-held belief among Nigerians that the best jobs are government jobs. Increasingly the booming private sector is proving more attractive, further exacerbating the desperate need for qualified manpower in the public sector.) But the main thrust of the Muhammed and subsequently the Obasanjo government in the political arena has been the implementation of its promise to return the country to civilian rule.

This programme harked back to the "Nine Points" enunciated by General Gowon in October 1970: though there are variations, the main difference has been the speed with which the new government acted.

Despite the trauma of Gen. Muhammed's death, which affected decision making for several months, the programme is now at least a third of the way through: seven new states were brought into formal existence last April; a draft constitutional committee reported in September and local government elections—the first elections of any sort for 12 years—have been held.

Later this year, a constituent assembly, to be composed of delegates elected by local councillors, as well as appointees of the government, is to discuss and finalise the constitution while full political activity, banned since 1966, is to be allowed from late 1978 in the run up to elections.

It is difficult at this stage to judge the new constitution, which follows the American rather than the British system. A real attempt has been made to provide remedies for some of Nigeria's past ills: the hope is that no one ethnic group will be able to dominate others; that Nigeria will have strong but not partisan Government; and that there will be real public accountability. But until the constituent assembly has met, and above all the ban is lifted on politics the question of how the constitution might work must be largely academic.

Details apart, however, perhaps the greatest worry among thinking Nigerians is that the time allowed for political organisation—no more than 12 months—may be too short, and that the handover may be too abrupt, increasing the danger that the military, either just before or after the handover, may decide.

Just as the presence of the army overhangs the political future of Nigeria, so it has a major impact on the economy, if only because, with an estimated force of 250,000 men, defence spending is the largest single item in the recurrent budget.

Army salaries alone account for one twelfth of total federal government spending this year, and though the top echelons of the army would dearly like to carry out General Muhammed's original plans for demobilisation it is clear (given that the prime grievance of Muhammed's assassins was their fear of demobilisation) that they dare not.

In the economic field, too, the government's policies, as initiated by Mohammed and carried through by General Obasanjo, have been largely corrective. While following its predecessors' strategy of pushing ahead with development, it has had to take vigorous action to put the country's finances on a stable footing. In the immediate post-war years, Nigeria adopted almost an over-cautious attitude to its new found oil wealth, but by the time it fell, the Gowon government had set in train a rate of expenditure which could not possibly be maintained in the face of spiralling inflation and the levelling out of oil revenues. In last April's budget, an attempt was made to peg government spending, partly to curb inflation, and partly to balance the budget. It seems to have had only limited success, though its targets were certainly over ambitious.

Strategy

But if the overall strategy of the new government remains much the same as General Gowon's (the Nigerianisation of foreign business, for example, while now more stringent, still favours the private sector and is thus not nationalisation) the financial assumptions on which the strategy is based have changed. Whereas the previous regime foresaw the financing of development out of the expected balance of payments surplus, it is now clear that overseas borrowing will play a much larger part in development.

It is easy to criticise the muddle, the high inflation, the congestion and the excessive government spending of the last three years. But probably too much is expected of Nigeria, both by critical Westerners and by Nigerians themselves. The problems confronting Nigeria since the 1973-74 oil price revolution are no different from those facing other major oil exporters—and Nigeria's needs are much greater than most. Understandably it has tried to develop the economy at the fastest possible rate, despite the lack of infrastructure to support it. (If it had the infrastructure, such massive developments would not be necessary). And the problems are not without benefit, for the country's economic planners are now more aware of Nigeria's economic limitations. Now the government faces the political problem of conveying this to the Nigerian people. This, in the longer run, may constitute a major problem, for as development proceeds apace, the visible gap between rich and poor in Nigeria widens.

Perhaps it is in the field of foreign affairs, however, that the government at least appears to have departed most obviously from its predecessors' policies. Just before his death last year, General Muhammed produced perhaps the most radical speech of any Nigerian leader, when he championed the cause of the MPLA in Angola. Nigeria has stepped up aid to Angola and to Mozambique, while Lagos is now an essential stop on the itinerary of all the Southern African liberation movement leaders.

However, this apparently new direction is primarily a natural development of the increasing tensions in Southern Africa, which inevitably draw in African countries as important as Nigeria. Nigeria's major foreign policy preoccupations are still with its immediate neighbours in West Africa, where it has, for example, played a major role in the nascent West African economic community, Ecowas. Its soured relations with Britain had a specific cause, stemming from complaints of and sensitivity about British diplomatic action at the time of General Muhammed's death. Happily, Anglo Nigerian relations are now back on an even keel, centring round the increasingly important trade relations between the two countries.

Certainly for the immediate future, Nigeria is likely to be preoccupied with the immense challenge of its own domestic problems. Only if it manages to cope with those will it find itself able to play a major role in the African or international scene.

CONTENTS

Although one of the richest countries in Africa, economic pressures in Nigeria are so severe that the Government is considering borrowing abroad, and is preparing for the strong possibility of deficits in its balance of payments.

The economy

BASIC STATISTICS	
Area	356,669 sq. miles
Population	70m. (est.)
GDP (1974)	N14bn.
Trade (1975)	
Imports	N3.7bn.
Exports	N5.0bn.
Imports from U.K.	£512m.
Exports to U.K.	£310m.
Trade (1976 to end Nov.)	
Imports from U.K.	£696m.
Exports to U.K.	£298m.
Currency: Naira	£1=N1.176

THE NIGERIAN Government has always asserted that one of its principal tasks has been to clean up the "Augean Stables" left by the Gowon regime. Probably no part of the Government's programme is more important and more difficult than correcting the trends of fast expanding government expenditure and rapid inflation which were the direct result of the previous government's policies. But it is finding that these are not trends which can be reversed overnight.

Normally restrained commentators have described the economic and fiscal policies followed by the Gowon Government between the winter of 1973-74 and its fall a year and a half later as a "departure from economic sanity." During that period Nigeria was committed to a level of Government expenditure which could only have been maintained, taking into account inflation, by rapidly rising oil revenues.

The Government's policy and the astonishing assumptions about inflation and levels of reserves on which it was based were exemplified in the now-defunct first version of the Third National Development Plan, which proclaimed, at a time when Nigeria's oil revenues were dropping, that finance was "no longer a constraint on development." In both its recurrent and development spending the Gowon Government virtually ignored the effect that its fiscal and monetary policies were likely to have on a restricted economy, and the effect the resulting inflation would have on the Government's own ability to afford its projected spending.

The first year and a-half after the oil price rise were heady ones. Government revenues rose from N.1.38bn. in 1972/73 to an estimated N.5.3bn. in 1975/76, and of that second figure all but N.684m. was revenue from oil. By 1974 the oil sector accounted for 41 per cent. of GDP, 93 per cent. of export earnings (Nigeria's agricultural exports, formerly dominant, had dwindled almost to insignificance) and 82 per cent. of total Government revenues. The balance of payments surplus that year was a record N.2.8bn., compared with only N.53m. the previous year, and reserves rose by more than N.3bn., equal to two years' imports.

The strain on the economy became acute in 1975 as the balance of payments surplus was monetised (the money supply increased by 74 per cent. in 1975 compared with 1974). Prices that year rose by 43 per cent. according to official sources (some independent estimates have put the rise at nearly twice that amount). As Government expenditure increased, the gap between effective supply and demand widened; exacerbated by the congestion in the ports, the inadequacies of the supply system and world inflation.

The Government's own ordering programme was to a large extent responsible for the congestion, but probably the most important factor causing inflation was the Government's decision in January 1975 to give public sector workers pay awards averaging 60 per cent., backdated tax-free for ten months, following a report by the Udoji commission into public sector pay and conditions. The trade unions demanded and won similar increases in the private sector.

Yet in the same year oil production was dropping, partly because of a Government desire to conserve resources but mainly because of a drop in demand. In May 1975 output reached a low of 1.5m. barrels per day, compared with the record output of 2.3m. b/d the previous May. Although the year's average production was 1.79m. b/d, that was 20 per cent. below the figure for 1974 and with the rapid rise in imports Nigeria's balance of payments surplus dropped to N210m. The Government's budget surplus almost certainly disappeared in 1975/76 although the statistics are often conflicting, and the new Government, which came to power in July 1975 at least in part because of the economic mismanagement of the Gowon regime, had to take vigorous action to stop the situation declining further.

When Lieut.-General Obasanjo presented his budget on April 1, 1976, stressing that although "this country has great potential she is not yet a rich nation," he revealed that the Government's recurrent and development spending estimates for the coming year (1976/77) totalled N10.7bn., compared with the previous year's estimated total spending of N5.6bn. and the current year's projected revenue of N5.7bn. In order to conserve resources and try to cut inflation he said the Government would try to keep expenditure to N5.5bn., and restrictions on bank lending were tightened in order to restrict the money supply.

The new Government took other action to try to curb inflation and steer the economy in the direction of long-term growth. One of its first acts on coming to power was to try to halt the build-up of cement ships at Lagos-Apapa in the autumn of 1975. The congestion was caused by massive over-ordering of cement—the requirement for the next five years was ordered in one year—through ports capable of handling only one-fortieth of the 20m. tons ordered.

The Government's response was to cancel some contracts (thus incurring much disfavour abroad) and defer others, while the port congestion was solved by greater utilisation of buoys and lighters at the port, which has established practices which have stayed in operation. But though the number of ships waiting to enter Lagos fell to around 80 before the end of 1976 it is now on the increase and there will be no long-term solution until new port facilities begin to come into use towards the end of this year.

Last May the Government launched what amounted to a crash programme to increase the production of food. Agricultural production has not kept pace with population growth over the past decade because of a variety of factors, among them low prices offered to producers and bad weather. The result has been increasing imports of food, which reached more than N300m. in 1975 and were thought to be substantially higher the following year.

Operation Feed the Nation, as the new government programme is called, is designed to encourage self-reliance among ordinary Nigerians who are expected to grow food in their back gardens.

But though it is claimed in some quarters that OFN has already raised food production it is subject to the administrative deficiencies of any ambitious large-scale project in Nigeria and it would be optimistic to expect it to show worthwhile results in less than a year of operation.

In its direct efforts to reduce inflation the Government last June announced a freeze on all pay in both the public and private sector, to last until the end of the current financial year. This was accompanied by a sharp restriction on dividends. Like most short sharp measures the freeze appears to have been effective so far but there is a serious doubt as to how long it can be maintained, even if the Government decides to continue it after the next budget.

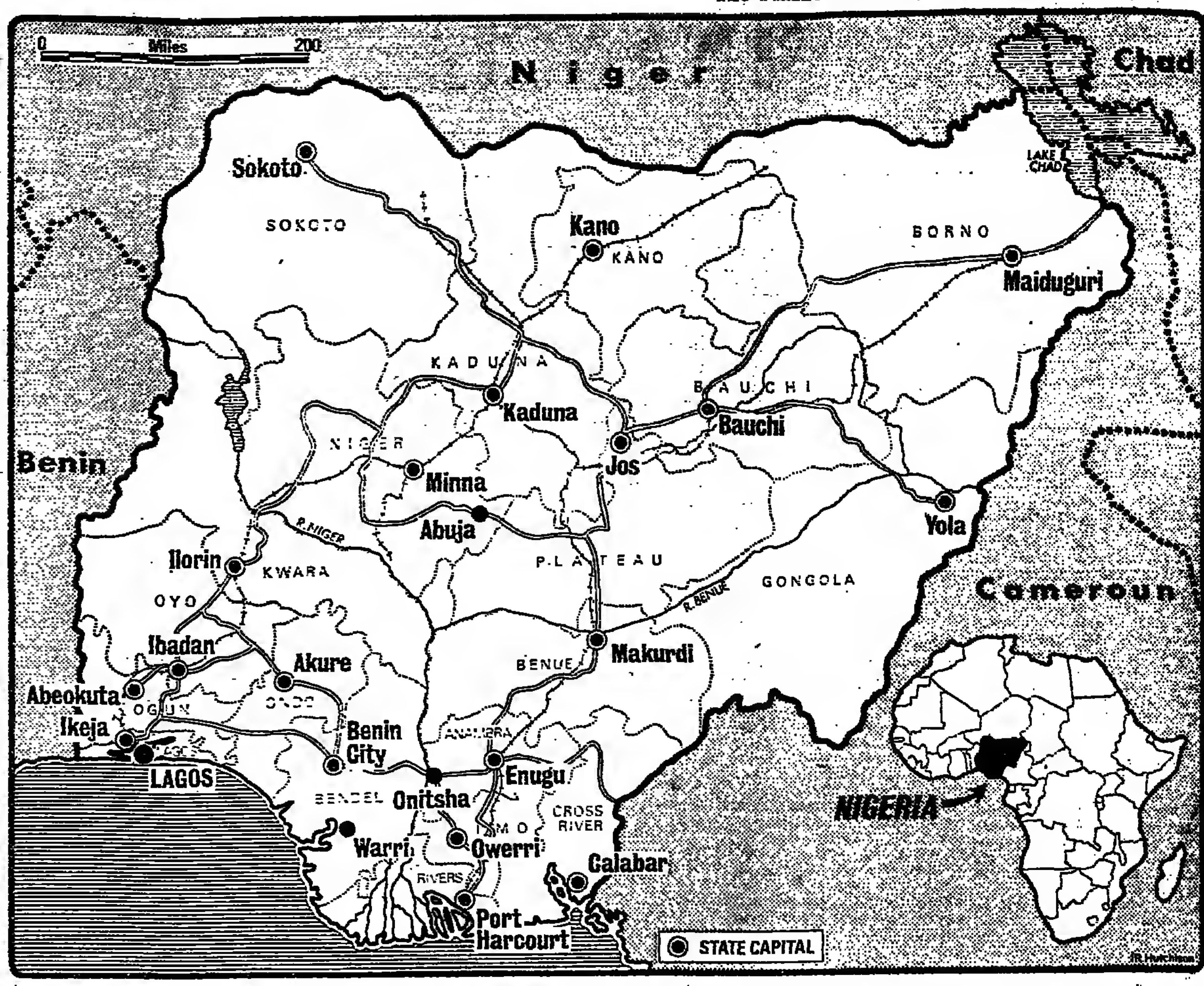
In the absence of reliable and up-to-date statistics—a disadvantage from which government officials also suffer—it is not possible to give an accurate assessment of how successful the Government has been in trying to reduce inflation and to curb government expenditure since the last budget. The general impression gained in government circles is not encouraging, however. Inflationary pressures may have abated somewhat, it is thought, but not as much as had been hoped, and it is thought that inflation sustained an annual rate of at least 30 per cent. last year—and has barely dropped since.

Several reasons are put forward for this. First, direct methods taken to control inflation, including price controls and import restrictions are generally acknowledged in official circles to have been at best ineffective and at worst, in that they have caused shortages, counter-productive. The National Supply Company, which was expected by means of direct ordering to cut out some of the stages in the supply process and thus keep prices down, is not thought to have overcome the disadvantages of its own inefficiency, and has run into opposition from established suppliers. Monetary curbs have not been as effective as had been hoped and in most goods demand still outruns supply.

The Government admits privately that it has not been able to keep within its self-imposed spending limits—indeed, it would have been remarkable, given the fact that it was aiming not to increase spending at all, if it had succeeded. In certain areas it has apparently been possible to impose something approaching the 40 per cent. cut in recurrent expenditure which was intended but in major items such as education, which was estimated to cost N738m., this has not been possible, according to government sources, while defence expenditure, the largest single item in the recurrent budget at N827.1m., has not been kept within its limits.

Development expenditure which was originally estimated at N7.8bn. but which the Government aimed to halve, is similarly thought to have exceeded the rebased spending target of about N4bn., partly because projects which were originally scheduled to get under way in the previous budget year

CONTINUED ON NEXT PAGE



NIGERIA III

Nigeria is facing a serious dilemma. It needs to develop its own resources and productive capacity for future economic benefit, but lacks the ability to achieve this without causing further disruption to an already stretched economy.

Development

ESPITE the display of pulence in its big cities Nigeria not a rich nation. The Head State's stern reminder of that ict in his budget speech last pril was in keeping with the yle of a government whose pproach to development has een as down-to-earth as that f its predecessor under General owon was extravagant. Nevertheless its development plans re shrouded in considerable unertainty and there is legitimate oubt as to how much can be chieved.

Nigeria's Gross National Proict in 1974 was put at N14bn., pproaching that of South frica and more than twice at of any developing country Africa. Yet if one takes the opulation at that date to be m. (based on projections from e generally accepted 1963 ensus) GNP per head worked ut at only N200 ($320) which is w even by developing country tandards.

The income of the average igerian at that time was estiated at between N125 and 150. And these statistics mask e gap between rural and rban incomes: in the rural reas average per capita income as put at between N30 and 40 while average urban inome was N500 to N600. hough the 1975 Udoji pay wards raised the minimum come to N720 this applies ly to the 5 per cent. of the bour force which is made up wage earners, and though oney incomes have since risen ross the board there is little idence that the standard of ing of the bulk of the igerian population is substanally better than it was two ars ago.

Even the original version of e 1975-80 Third National evelopment Plan, which was general consent over-ambious, only envisaged raising NP per head from N200 to 300. Those who drew up the an assumed that the main stacle to spending the N32.8 . earmarked for public sector vestment would be the shorte of trained manpower, and at in practice it would probly be possible to spend only out N20bn. Their first sumption was correct but the anners did not make nearly fficient allowance for inflation.

Revision

After nearly a year and a half revision the Government nounced last December that ending under the revised an would total N.42bn. over e five years. But the revised an has not been published and rtually nothing is known for re about the assumptions on hich it is based. The original lan had to be revised because the change in Nigeria's nancial prospects, the creation new States and the need to liminate wasteful expenditure nd change the emphasis in ending.

Bearing in mind that the overnment will probably have ent no more than N.7bn. or 8bn. by the end of the first wo years of the plan in April is year, the N.42bn. total ending figure appears excesve, even if it takes into account rivate sector investment over e five-year period. It is nderstood that the new plan cludes fewer projects than its redecessor but makes greater lowance for inflation (the riginal plan allowed for an verage annual rate of inflation only 6 per cent.). But rather han ponder on a matter of olicy about which the Governent is exceptionally uncomunicative it is more worthhile to assess how much

companies. With a much steeper rise in imports than was originally forecast the balance of payments outlook is much worse than was thought. Nigeria's surplus in 1975 was only N.210m., less than 4 per cent. of the N.5.7bn. projected in the plan.

Although the growth of imports may moderate over the next year there will probably be a balance of payments deficit next year if not this year, and the annual deficit could be very big by the end of the decade as capital spending increases. The proportion of Government revenue generated locally should rise, but not enough to prevent fiscal deficits for the rest of the decade.

With reserves, which now stand at just under N.4bn., almost certainly being steadily reduced, Nigeria will have to finance its development spending out of borrowing, the bulk of it overseas. The Government has already made clear that it intends to borrow for specific projects and has had preliminary talks with foreign financial institutions. The first of the two projected liquefied natural gas plants, on which the Government and Shell-BP have signed an outline agreement, may be the first scheme for which Nigeria will borrow; its cost is estimated at between $2bn. and $3bn.

A country with plentiful resources of low sulphur crude is inevitably a good risk with international lenders, though any lender will want to keep a close watch on project implementation. While borrowing imposes financial disciplines on the borrower which some senior Nigerians say privately will be beneficial, loans need to be serviced. If the value of the oil fails to match world inflation rates — and the outcome of the Qatar OPEC meeting was not to Nigeria's advantage — then Nigeria may find itself having to produce more oil than it previously intended. It is therefore essential that before the end of the decade, when balance of payments deficits may become serious, Nigeria tries to invest in productive assets which will benefit the balance of payments.

Despite its relative poverty and the dangers of relying on a single main source of income —crude oil exports—Nigeria has enormous economic potential. Its gas and downstream petroleum industries will eventually be major export earners. Nigeria's agriculture has steeply declined during this decade because of drought, inept pricing policies and the drift of population to the towns, but there is immense potential both for food production and revived exports. The presence of raw materials, the size of the home market and a potentially good labour force make Nigeria an ideal base for manufacturing industry, which should save on imports. But it will be decades before Nigeria is transformed into a modern industrial and agricultural State.

The achievements of the Nigerian authorities in investing in development during this decade should not be belittled. Expenditure during the first half of the decade probably exceeded the estimate in the Second Development Plan, though this was partly because of inflation: many major projects had to be deferred to the next plan period, and of these the major ones, such as the planned iron and steel complex, have not yet been started.

But the present Government has tried hard to get major projects under way. Operation Feed the Nation and its associated programmes at least represent a vigorous effort to revive agriculture.

Projects to diversify the petroleum industry downstream have been forcefully pushed ahead. The first LNG plant now only awaits a firm customer before construction begins, Nigeria's second oil refinery is well under way, and the contracts for the network of oil and petroleum product pipelines which will transform Nigeria's industrial prospects are being awarded. Contracts are also out to tender for the reconstruction of parts of Nigeria's antiquated railway system, while work is going well on enlarging the port facilities at Lagos.

The principal constraint on development at present is not finance—though as has been stated this will become more important as surpluses dwindle and major projects with long gestation periods come on stream—but shortage of executive capacity. There is not nearly enough trained manpower to go round. This is experienced both in government and in almost every other field of activity in Nigeria.

Decisions

In the federal Government there are too few trained and experienced administrators competent to make decisions on and monitor the progress of the major developments for which they are responsible. The difficulties of the relatively limited numbers of top rate civil servants are compounded by the sheer lack of information on what is happening in much of the economy, itself partly a result of executive capacity shortages, and the virtual impossibility of communicating even within Lagos, the federal capital, not to mention with the rest of the country.

While the Udoji Commission's recommendations on pay and reorganisation have done something to make the civil service both more attractive as a career (at a time when so much money can be made by a reasonably talented Nigerian outside it) and to make it more efficient and "result oriented" these benefits have almost certainly been outweighed, at least in the short term, by the dismissal of 10,000 civil servants both in the federal and State Governments following the overthrow of the Gowon regime. These men lost their posts because of alleged corruption and malpractices, but many of them were, despite their faults, experienced and able administrators. Their dismissal has made those left behind unusually fearful of taking decisions which may turn out to be wrong.

The situation is probably worse at the level of the States, which are responsible for the spending of about a quarter of the development funds under the plan. Even a year ago, when they had been in existence in their present form for nearly a decade, they were still woefully short of good administrators; now, with the available talent spread among an extra seven States, several of which barely have State capitals worthy of the name, resources are even more thinly stretched and there is a heavy reliance on expatriate consultants in assisting decision-making.

The shortage of executive capacity is no less striking in industry and agriculture itself, as well as in social services and teaching.

Naturally the Government is trying to increase the output of trained manpower by establishing training colleges for different types of professional. But this inevitably takes time, and it is not always recognised that a trained engineer is not the same as a trained, experienced engineer. Efforts are being made to attract back to Nigeria nationals who have taken jobs overseas, but this has apparently had only limited success because of sharp differences in attitude between Nigerians who have been working abroad and those who have stayed at home. The option to recruit expatriates is frequently taken up, but whereas at the time of the first version of the plan a fairly free attitude to such recruitment was current, political considerations have since made it less easy to apply.

The other main constraint on development is the weakness of one of the main subjects of development spending, the infrastructure. Though port congestion should diminish within about a year, there will be pressure on the ports for several years to come. But output of electricity, for example, is far behind demand, and while the roads are fast improving the railways are operating at only a fraction of their capacity. It may not be much before the end of the decade that Nigeria has an infrastructure commensurate with the level of economic development it proposes so industrial and agricultural investment, where it is possible at all, will in the meantime be disproportionately expensive.

There is inevitably a degree of conjecture in this picture of the prospects for Government-inspired economic development in Nigeria. The previous version of the plan aimed at an annual average growth in real GDP of about 9.5 per cent. between 1975 and 1980. Average growth of about this order was sustained between 1970 and 1975, thanks principally to the rapid expansion of the oil sector, though the non-oil sector grew at annual rates of above 6 per cent. It is probable that a 9 per cent. growth rate has been achieved in the past two years.

But because of the constraints listed above it is possible that the economy will not be able to absorb development spending increasing at the rates seen over the past three years, so GDP growth rates may decline. It is certainly difficult to see projects getting under way at anything like the speed which would make it possible to spend N42bn. over the 1975-80 five-year period, even allowing for very high inflation rates. Even with substantial foreign borrowing Nigeria would not have resources for investment available on this scale in the remaining years of the plan period.

It seems much more likely that the really heavy development spending scheduled for the present plan will take place in the first years of the next decade as spending on projects now in the pipeline reaches its peak. This will put further strain on a balance of payments situation which is anyway likely to be much less favourable than it is now.

James Buxton
Foreign Staff

Economy

CONTINUED FROM PREVIOUS PAGE

evelopment finance the Governent is likely to have available ver the plan period and what he constraints on spending it re.

There has been a major transormation in Nigeria's financial rospects since the first version f the plan announced in April, 975 that finance was "no longer constraint on development." t was then assumed that oil roduction would steadily rise o about 3m. bd by about 1979-980 and that despite the growth f imports there would be a alance of payments surplus for nost of the plan period, ausing a substantial accumulaion of reserves totalling as uch as N.15bn. over five years. his would to a large extent onstitute the federal and State overnments' surpluses for levelopment.

These assumptions could ave been disproved the day the lan came out. Oil production ad by then dropped sharply nd is not now expected to rise o 3m. b/d before early in the ext decade, and only then if he Government changes its inentives policy towards the oil

have come on stream during the current year. The 19 States mostly tried, in accordance with instructions from Lagos, to match the federal Government and balance their recurrent budgets, but overall the States budgeted for a total deficit of about N1bn., mainly because of their capital programmes which it did not appear could be financed out of revenue surpluses. The States apparently intended to raise a substantial part of this from the federal Government.

Fortunately for the federal Government the increase in demand for oil (production ran at about 2m. b/d last year) plus the higher prices and increased government take which it was able to impose during the year should have increased the oil revenue by about N1bn. above the N4.7bn. anticipated in the budget, thus boosting total government revenues which were estimated at N5.7bn. Nevertheless it appears inconceivable that the Government will be able to avoid a budget deficit this year, though it is impossible to say with any certainty what its size will be.

Not all the Government's actions can be said to have helped reduce expenditure—the creation of new States, for example, though politically necessary, can in the short term only increase expenditure and stretch already limited administrative resources, though it will make for better economic development in the long term. The holding of the Festival of Black and African Arts and Culture (FESTAC) has stepped up the pressure on the economy.

The pay freeze may be renewed in April but cannot be sustained indefinitely, and there seems to be government reluctance to countenance a system of collective bargaining and wage increases in the public sector which would do away with the vast "at a stroke" increases such as followed the Udoji Commission early in 1975.

The Government has taken what action it could but its remaining options are extremely narrow. There is a severe limit to what it can do to cut its expenditure in the forthcoming budget, given the level of expenditure already established and the expanded needs and aspirations of the Nigerian people. As the Head of State remarked in his budget last year, oil output of about 2m. b/d is not enough to meet these aspirations, yet so far nothing has been done to increase productive capacity above the 2.3m. already installed, and any incentives to the oil companies to step up exploration and development which come into effect now are unlikely to boost output substantially in less than four years. It is not certain whether the 10 per cent. recent OPEC price rise will stick.

In the circumstances it is not surprising that the Government is now contemplating overseas borrowing to pay for its larger development projects, as balance of payments deficits are thought almost certain to occur in the next year or two. The Government has taken firm action to stave off the disasters which the Gowon regime's policies would almost certainly have caused, but the problem of restoring financial stability in the near future may be too great for any government.

J.B.

Nigeria's army is enormous and costly, and plans to reduce its size have been shelved. This has inevitably affected its efficiency.

The army

WHEN THE civil war started, ten years ago this July, there were fewer than 20,000 men in the Nigerian army. By the end of the war, only two and a-half years later, it was ten times bigger and it is still roughly the same size.

Nigeria's total armed forces are thought to number between 220,000 and 250,000—up to 10,000 each in the air force and the navy, and up to 230,000 in the army. Outside Egypt, Nigeria has the biggest standing army in Africa. The country spends far more on the armed forces than on any of the "productive" sectors of the economy, and the likelihood is that it will continue to do so, whether or not there is a return to an elected civilian Government.

Plans to prune the army down to a more realistic size have so far come to nothing, largely for political reasons. General Gowon's failure to come to grips with the problem can be attributed to the general drift and lack of decisiveness so much criticised by the new government, then headed by General Murtala Muhammed, which took over in July 1975.

Achieved

But though that government, now under General Obasanjo, has achieved much more in terms of retraining, and especially in barrack building, than its predecessor it too has been unable to grasp the demobilisation nettle. It is not that it has failed to see the wisdom of cutting the army's size and increasing its efficiency: the government knows it would be a better fighting force, and would cost much less, if it were to be slimmed to some 100-120,000 men. In late 1975 plans for such a reduction were being worked out.

They seem to have been shelved following the attempted coup by Lt.-Col. Dimka last February, during which Gen. Muhammed lost his life. For there seems little doubt that Dimka and his colleagues were prompted to attempt a military coup primarily because they feared the effects of demobilisation. Many of them had either been recruited or were very rapidly promoted during the civil war and they were alarmed at the likely effects of the Muhammed government's bid to reorganise the army—and to put officers like them through rigorous retraining and examination with the threat of discharge if they failed to come up to standard.

Their attempt to take over the government failed, but it may be assumed that the Government fears demobilisation would provoke hostility within the army were it to be tried again.

The government has thus concentrated on trying to curb the overall costs of the armed forces, partly by cutting back the defence budget, and partly by halting recruitment.

At present, it would appear that, while recruitment to the navy and air force has continued, the army is recruiting only in technical grades. Officers acknowledge that this could have serious long term effects on army structure, for it is likely to mean an increasingly ageing infantry, as well as contributing to promotion blocks, particularly at the NCO level.

As for costs, it is not yet clear how successful the attempt to prune expenditure has been. The Ministry of Finance hopes to be able to show, by the time figures are available in April, that considerably less will have been spent than is provided for in the estimates for the current year. But for the time being, those estimates are all an outside observer has as an indication of the economic burden of the armed forces.

There are few Nigerian officials who could even contemplate what might have happened had there been no oil boom. As it is, the figures are alarming.

Of the total recurrent budget of the Federal Government for 1976-77 of 5.756bn. naira (or roughly the same in sterling) defence takes N824.3m. or about one seventh. On capital account, total spending for the year is estimated at N4,342bn., with defence accounting for N698m. or a sixth.

This should be set against the next highest sectoral total, education, where spending has been greatly increased due to the introduction of universal primary education. Here recurrent costs are put at N738m. and capital at N305m. Again in contrast, capital expenditure on agriculture for the year is only N83m., less than an eighth of defence spending.

The burden on revenue is shown in a different way from the bill for army salaries, which at N474m. for the year, is about a twelfth of total Federal Government spending. By contrast, salaries for the navy (N11.3m.) and the air force (N20.63m.) are small.

The capital spending programme for the army includes a huge amount of barrack building—for all four divisions, the total is set at N375m. for 1976-1977 alone. The allocation for weapons, at N100m., seems modest by contrast, although N100m. is also set aside for aircraft "replenishment and acquisition" and N40m. for ships for the navy.

It may be that with the development of the economy as a whole, the army will in time be able to shed some of its men; certainly the Government when it was actively considering demobilisation, was, for obvious political, economic and social reasons, concerned not to discharge men unless they could be found employment.

Meanwhile, there has been some reorganisation—there are for example now four divisions, against the war-time three, with each command stretching from north to south, rather than horizontally, thus reinforcing the army's aim of bridging the old north-south divisions.

There has also been a considerable amount of retraining, which has included the establishment of a new staff college near Zaria, principally manned by British officers. Originally invited by General Gowon in 1975, the dozen members of the British team have so far been retraining senior officers, but they will begin courses for middle-ranking officers later this year. The team, on contract to the Nigerian Government and paid for by the Nigerians, arrived when formal government-to-government Anglo-Nigerian relations were at a low ebb, but has by all accounts been much appreciated by the army.

Overall, however, whatever success is achieved in retraining and organisation, the inescapable reality is that the army is too big and too costly. But it is equally true that it would take a brave—and perhaps politically foolhardy—government (whether military or civilian) to reduce it.

B.B.

Like many other emerging countries, Nigeria has been under military rule for most of its existence as an independent nation. Now there is the promise of a return to civilian rule in 1979.

The constitution

WHEN General Gowon was overthrown in a bloodless military coup on July 29, 1975, the new Government immediately stated its aim of righting the wrongs of the past—just as General Gowon himself had done when he had originally taken power nine years before. And among the new Government's early pronouncements 18 months ago (again reflecting the declared intentions of General Gowon in 1966) was a commitment to return a hopefully reformed Nigeria to a democratically elected civilian Government.

One may perhaps be forgiven, in these circumstances, a strong feeling of *déjà vu*. Nigerians have always seemed to consider military rule an aberration, even though they have lived under it, since independence sixteen and a half years ago, for twice as long as they lived under the rule of civilian politicians. The military, in power for 11 years now, have produced at least four different plans for returning themselves to barracks and handing over to the civilians. Each has been fairly exhaustively discussed, with a greater or lesser degree of passion. Yet the goal, which is apparently backed by the majority of civilians and soldiers, is as yet unrealised.

In a sense the cynicism implied in this historical view is unfair; circumstances, sometimes beyond reasonable hope of control, may prevent the realisation of a specific goal, but that does not necessarily invalidate the goal itself. Nigerians by and large are a very political people and the country, with its great regional and ethnic diversity (there are some 250 different peoples) is far less easy to govern than most.

Yet perhaps because they are so fascinated by politics, Nigerians tend to have long political memories. There is little doubt that the question uppermost in many Nigerian minds to-day is: will the civilian rule plans work this time?

The Government headed by General Murtala Muhammed came in with determinedly corrective policies. Within days it was evident they intended to sweep a new broom through the Nigerian stables, and within weeks they had produced a precise programme for returning the country to a democratically elected civilian Government. Eighteen months later, and despite the traumatic death of General Muhammed in an otherwise abortive coup last February, at least a third of that programme, albeit the easiest part, has so far been accomplished.

The plan, announced by General Muhammed on October 1, 1975, named October 1, 1979 —the nineteenth anniversary of independence—as the date for the handover. Five preparatory stages were envisaged, although first came a purge of the previous administration and the sacking of some 10,000 civil servants, which was aimed, in Muhammed's words, at making it possible to "start rebuilding on new foundations."

Committees

The first stage began with the appointment in October, 1975, of two committees, one to recommend on the controversial issue of creating more States in the federation and the other to produce a draft constitution. Stage two, to last two years from 1976-78, would involve a "systematic and deliberate reorganisation of the local government set up" leading to local elections, following which there would be a partly elected and partly nominated constituent assembly "to consider and accept the new constitution."

Stage three would involve lifting the ban on party politics (in force for the past 11 years) on *October 1, 1978*, while the fourth and final stage elections at both State and federal level were to be completed before the handover date.

The committees on the States and the constitution were set up immediately after the announcement of the programme, the former reporting at the end of 1975 and the latter in September last year. Just ten days before his death last February, Gen. Muhammed announced that the federation would comprise 19 States, instead of the 12 created by Gen. Gowon on the eve of the civil war in 1967.

The seven new States were formally inaugurated in April, and appear to have settled down remarkably well. Last October, having accepted the constitutional committee's draft, and following the original programme to the letter, the Government, by then under General Obasanjo, announced the ground rules for local government reform. Elections for new local government councils were held throughout the federation at the end of last year.

In many ways this is a tricky time to try to analyse either the suitability for Nigeria of the Government's programme, or its chance of ultimate success. This is not just because it is only a third of the way through, but also because so far there has been no real debate about it.

Launching the published draft constitution last October, Gen. Obasanjo declared he hoped it would be "debated in markets, schools and colleges, in the streets, in every public place and in the home." This does not seem to have happened yet, except for discussion in the Press. It may be that Nigerians cannot as yet really believe in it, but quite likely it is because the politicians who would lead such a discussion are still prevented from doing so outside the pages of the newspapers.

The local elections, even though they were the first elections of any sort held in Nigeria for 12 years, failed to generate much discusssion, again mainly because candidates were forbidden party labels and canvassing was allowed only by individuals on a house-to-house basis.

Much more excitement is likely to be provided once the Constituent Assembly meets, probably late this year, to discuss the draft constitution, for although delegates to that are again to be forbidden party association, it seems certain that the membership of the Assembly will include a number of former or putative politicians.

The draft constitution committee was headed by a well-known Lagos lawyer, Chief Rotimi Williams (who coincidentally headed a constitutional study group after the first coup 11 years ago) and included a cross-section of Nigerian lawyers, academics, chiefs and ex-politicians. It breaks with the inherited British tradition, and recommends an elected executive President and a two-house federal Congress much like the American.

Its main aims, embodied in a long non-justiciable section entitled "fundamental objectives and directive principles of State policy," closely reflect the instructions given the Committee by the Government. Heavy emphasis is given to the need to maintain and strengthen the unity of the federation (the constitution must "encourage associations that cut across ethnic, linguistic, religious or other sectional barriers") as well as to the need to prevent the accumulation of power in a few hands. Public accountability of office holders was clearly a high priority of the constitution drafters.

The constitution enshrines the separation of executive, legislative and judicial powers. The President, and the Vice-President (who must come from a different State) are elected in a nationwide constituency on the same ticket. Complicated provisions concerning the number of votes they must have in a majority of States in order to win are designed to ensure the executive as varied and widespread support as possible.

At the federal level there is to be a 350-member House of Representatives and a Senate consisting of five members from each State. Bills may originate in either House, or from the President, but the President's Cabinet must be drawn from outside Parliament. If

CONTINUED ON NEXT PAGE

The bitter arguments that raged between Nigeria's 12 old States are not likely to be entirely resolved by their reorganisation into 19 new ones. But the new system seems to have got off to a good start, in part because of the competence of their Governors.

The new States

...ITS White Paper on the ...lings of the panel on new ...tes, appointed soon after the ...rthrow of the Gowon regime, ... Federal Government ...lains that in Nigeria even if ...h family had its own state ...re would be still demand for ...nge. Mr. Justice Irekefe, the ...el's chairman, said that if ...y agreed to all the demands ... new States and boundary ...isions put to them Nigeria ...uld find herself with over 200 ...tes.

...he Government agreed to ...st of the panel's ideas; ...isioo of the Western, largely ...uba, State, into three; divi-...n of the East-Central, or Ibo, ...te into two; the division of ... biggest State, the North-...t, into three, and the North-...st and Benue-Plateau into ... each—and some minor ...undary revisions. It rejected ... division of the former ...th-East State into two, but ...eed to change the name of ... State to Cross River.

...o seven new States were ...ablished. And the Govern-...nt made it clear that in its ...w that was the end of the ...ter. Since the agitation ...e from real, or often ...gined, neglect of certain ...s, "balanced development" ...de the existing States should ...wer agitation for more ...es, which must end.

...t the same time the Govern-...t decided that no State, old ...new, should now carry a ...e indicating its geographical ...tion ("North-East" or "Mid-...t") but all should take the ...e of some geographical ...ure (most, in fact, are ...ed *after rivers*). In this way ... North-South division might ...urther eroded.

...swering the complaint that ...creation of even seven new ...es would be costly, the ...te Paper noted that one ...on why the existing 12 ...es depended for over 75 per ... of their revenue on the ...ral Government was "the ...ed *tardiness in the* psy-... of taxes by many ...rians." The new States, the ...e Paper maintained, "will ...ss the power and the resi-...e to break Nigeris's wide-...ad habit of tax evasion—an ...rable objective probably ...in the minds of the advo-... of new States. But in any ... the present method of divi-... of revenue between the ...ration and the States, and ...increasing share of respon-...ity which the Federal ...ernment has assumed—in primary education, for example—means that almost any State can be kept in being. The question is: should it be?

Official criteria for the new States were simple. No one State should be in a position to dominate or control the central Government, as the former Northern Region had done. Each State should form one compact geographical area. Administrative convenience, the facts of history, and the wishes of the people, must be considered. Each State must be in a position to discharge the functions allocated to their Governments.

The panel, urging caution in the creation of States, pointed out that in Nigeria huge social and economic demands—in education and health for example, caused by the high proportion of children in the population—would strain their resources. Development grants within the States should be tied to tax efforts by divisions or even villages.

Budgets

In practice it was clear from the budgets they produced last year that all 19 States depend heavily on the Federal Government. Brigadier David Jemibewon, Governor of the new Oyo State, introducing his first budget, said that the real position, even after cutting down the development programme approved by the Gowon *regime* to the "minimum level compatible with development plan aspirations," was "very disheartening." Every Governor has made the same point. In his case, however, the statement was the more significant as his State contains Nigeria's cocoa heartland. Now he faced an expected deficit of some N50m. on the capital budget for 1976-1977.

In neighbouring Bendel State (the renamed Mid-West), partly because its administration under the Gowon regime was unusually profligate, and partly because the rules of allocation of revenue from oil, of which it is a major producer, have been altered to its disadvantage, the new Governor faced a total estimated deficit of N150m. in 1976-77. The new State of Gongola, carved out of the poor North-East, expected a small surplus: but the Governor warned that as an entirely new State they were receiving special assistance from the Federal Government, which might not be repeated.

In another State which has changed its name but not its boundaries, Kaduna, the Governor expected a deficit of N25m. this year. In Kwara State, an old State, Brigadier Innih expected a capital deficit of some N44m. An almost equivalent deficit, N49m. was estimated for the Cross River.

Thinly populated Niger State, a new one, expected a total deficit of some N26m. but on a very low budget of N127m. The much more thickly populated Sokoto State, which with Niger previously formed the North-West State, expected a capital deficit of some N43m. With a population of only some 2m. against Sokoto's 4½m. Plateau, another new State, expected the huge total deficit of N70m.

Some States whose boundaries remained virtually unchanged still suffered a direct loss as a result of the increase in the number of States. *Half* the federally-collected "distributable pool" of customs duties, etc., is divided equally among the States; so each of the 19 States will now get some N14m. less than each of the previous 12 States got. If the pool increases in size no State may suffer; but it is likely this year that the seven States entirely unchanged, or, only slightly changed, will. The Federal Government, however, has accepted responsibility for the costs of Universal Primary Education, and for many other costs once *thought* to belong to the regions, and later the States; it is now difficult to draw a rigid line between Federal and State finances.

Each State is pledged to attempting to raise far more revenue locally—most receive the great bulk even of recurrent revenue from the Federal Government, though most of this is theirs "by *right*" under the revenue allocation system. Tax evasion in the States is rife, and considerably more revenue could be raised merely by collecting what is due. Yet this year the total capital deficit on the States may amount to some N500m., a very large sum even against the Federal Government's gross estimated revenue for the year of some N5bn.

All new States, too (and that includes "residual" States which have inherited the capitals but only part of the area of the States now divided) are required by the Federal Government to limit the number of their ministries to nine and to give evidence of economy in other directions.

All the new States face staff difficulties. For Gongola, for example, printing still has to be done in Maiduguri, capital of the neighbouring Borno State. Yet perhaps it will be Borno which will suffer more when a printing plant is available in Gongola, since so high a proportion of the Maiduguri printing staff come from that State. The Governor, however, has said that well over 5,000 officials with their families were moved successfully to Gongola from Maiduguri in the early days of the State. Yet the Government's offices are spread over a great area, in a great variety of buildings, and there is nowhere from which the officials can "*commute*" *to the new state capital*, Yola.

Education

Ogun State, carved out of the Western State, most people supposed would avoid the staff problem which was clearly going to affect some other new States, because of its high level of education. But the talent is in such demand elsewhere, notably *in* better-paid private enterprise, in the Federal services and in private practice, that last June there were no engineers available for the Water Supply Division of the PWD. All five top jobs in the Forestry Department were also vacant, and four out of five top jobs in the medical department. Since then there has been considerable improvement and the Governor has expressed satisfaction, for example, with the number of medical specialists available. Consultants, (often British) as elsewhere, are being employed to fill some gaps, and overseas recruitment is still possible in some fields. The position is not easy, yet the new States, partly because of the excellence of their Governors, all *now* work.

At the beginning, inevitably, the chief evidence of development brought about by the new States is the new accommodation—houses and offices—provided for State officials. But officials are unlikely to be effective without houses or offices, and the Federal Government has provided substantial funds for the new State capitals.

David Williams
Editor, West Africa

Constitution

CONTINUED FROM PREVIOUS PAGE

...ses Representatives or ...tors, they must resign their ... and carpet-crossing—a ...us ill of previous civilian ...rnments—is expressly for-...en.

...is pattern is repeated in ...States, with a Governor and ...ity Governor being elected ...-wide. The legislature is a ...e chamber State Assembly, ...three times the number of ...esentatives which the State ...in the Federal House of ...esentatives.

...e division of powers be-... the Federal and State ...rnments closely reflects the ...nt situation, resulting from ...growth in federal power ...the past 11 years. A long ...of powers on which the ...al National Assembly may ...ate exclusively includes ...nly the obvious ones of ...n affairs, defence, cur-... and the like, but also ...ke the 1963 Republican con-...ion) prohibits the States ...raising external loans, hav-...ade representation abroad, ...ng prisons or police, or ... their own produce ...d. And though it leaves, ...ample, primary education ...e charge of the States, it ...higher education, and con-... of overall educational ..., to the Federal Govern-...

...y considerable efforts are ... in the constitution to pro-...checks on executive power ... federal legislature, for ...ple, must approve the ...dential appointment of ...ers to a number of politic-...ensitive bodies—including ...Electoral and National ...stion Commission. Though ...ised by some as in-...iate, the checks have been ...ibed by the veteran poli-... Chief Awolowo as "suffi-...y severe, restrictive and ...ning."

...h past experience in mind, ...are tough controls on elec-... severe provisions for ...ing probity in public life ...gh Chief Awolowo has declared the Code of Conduct for public office-holders not stringent enough), and above all perhaps there are very detailed provisions designed to ensure that political parties are national in character.

Most Nigerians would probably agree with the description General Muhammed gave of the *ills* the new constitution is designed to cure. In his original address to the drafting committee, he spoke of "the fear of the predominance of one Region over another," which he declared had "to a large extent been removed by the simple constitutional act of creating more States." But in the past, he said, "most of our politicians could not distinguish between the art and artefacts of politics. They failed to develop a wide political base. Three major political parties emerged with Regional and ethnic support, and at the centre, only an uneasy coalition of two of these parties was possible at any one time."

Armies

The parties, he said, "were in fact little more than armies . . . winning elections became a life and death struggle which justified all means, fair or foul . . . the interest of the party leaders came to supplant the interest of the public and indeed of their own parties, because once in power there was hardly any question of public or party accountability . . . orderly succession to power was made virtually impossible."

The largely unanswerable question now is whether the new draft constitution can cure those very real problems of the past and which sort of people may emerge to compete in the political arena. Almost everybody agrees that the choice of who is to work under a new constitution will be vital.

Here too, however, there are few clues. Certainly many of the former politicians are keenly interested, but there is equally no doubt that many Nigerians would much prefer to see a new breed of politician emerge, untainted by the past. Great interest has been shown in the results of the recent local elections in this respect. Several former politicians stood and some were defeated. And the elections do seem to have thrown up a majority of new people, mainly small businessmen and farmers. But the fact that there were no parties and that the elections were *mostly* about local issues makes them a poor basis on which to judge the likely outcome of national or even State elections.

However, one of the most interesting current arguments concerns the dangers of a sudden handover to a completely civilian regime. As one officer quipped, it will be so abrupt that October 1, 1979 "will be like us handing the nation independence all over again." Before the Gowon regime was discredited, many Nigerians believed that Nigeria would enjoy much greater stability if (somewhat like Nasser) General Gowon had stood for the Presidency, and brought along with him some of his more important military colleagues.

That is clearly now out of the question, while none of the present military leaders is thought to be interested in such a role. But the possibility of a transitional period between full military and full civilian rule—rather like that envisaged albeit in very different circumstances for Rhodesia — is certainly being talked about. Although no one seems to doubt the present Government's sincerity in wanting to hand over power, clearly there are those who worry that the army might again step in if they judged the newly elected civilians were not up to the job.

B.B.

There are a myriad of factors to be considered by a company setting out to do business in Nigeria. The key to success lies in coping with the frustrations and discomforts while making best use of the country's advantages, in particular its enthusiastic approach to trading.

Doing business

NIGERIA IS one of the fastest growing markets there is for Britain, which exports over £700m. worth of goods annually considerably more than it exports to South Africa. Nigeria is now the U.K.'s fifth largest trading partner outside the EEC. Doing business in Nigeria therefore is certainly rewarding: it can also be harrowing and frustrating, and yet at the same time extremely stimulating.

The opportunities are obvious: a vast country, with a population of over 70m., keen to modernise as rapidly as possible: an oil income last year of N5.5bn., all of which can be absorbed by internal projects: a keen appetite by the urban elite for consumer goods: a high inflation rate and a strong currency. For British exporters there are in addition the advantages of a shared language, a long trading association and—despite the occasional hiccough — a great deal of goodwill.

For those who know Nigeria the disadvantages are pretty obvious too. They begin — and for many quickly disillusioned newcomers they also end — with the physical discomforts of Lagos. A not untypical introduction to Nigeria would be a three-hour drive from the airport to a hotel 14 miles away which denies all knowledge of your booking: you are left with the choice of launching into the unknown or giving in to the fairly obvious hints about "dash," the Nigerian equivalent of backsheesh. Making physical contact with potential customers can be a haphazard affair too: the telephones are notoriously unreliable and the "go-slows," or traffic jams, make keeping appointments only approximate at best.

But if discomfort and "African time" put a businessman off, then there is little point in his going to Africa in the first place. Regular visitors find consolation in the fact that if doing business in Nigeria was easy, there would be many more competitors, and more newcomers would persevere. The old hand knows too that he can turn what seem to be obstacles into positive advantages. For example it is nearly always possible to see senior executives in Nigeria by calling on them without appointment. They themselves know that it is difficult to make, or keep, an appointment — and they take the reasonable view that you have come a long way to see them, and probably have something of mutual benefit to discuss. Equally, if you do not turn up for an appointment, no one will be surprised—and will certainly put it down to the go-slow rather than your rudeness.

Improvements

There is little point in dwelling on the frustrations of doing business in Nigeria because, quite simply, they have to be overcome. There are in any case real signs of improvement: passengers are now being cleared far more quickly and efficiently through Murtala Muhammed airport: old hotels are being expanded and new ones built; the new Lagos ring roads should help to ease traffic congestion and in the meantime a radical if temporary move by the Government has taken half the cars off the streets of Lagos each day.

If no written word can quite describe a day's business in Lagos, there are nevertheless a number of useful sources to which an intending visitor can refer for background information before he departs for Nigeria. Firstly there is the weekly magazine West Africa, now in its 50th year of publication, which carries current news as well as informed feature articles: economic news is also carried by two London-based monthlies, New African Development and West African Technical Review, while Africa concentrates more on political developments. Increasing in stature with every issue is the Lagos weekly Business Times, sister paper of the old established Daily Times—itself good background reading.

From time to time the London Chamber of Commerce runs one-day seminars on business opportunities in Nigeria (and along with other Chambers organises group visits there), while the Centre for International Briefing at Farnham Castle holds regular one week courses, although these are primarily intended for those who are going to work on contract in Nigeria.

Advice on business conditions is also dispensed by the international banks which operate in Nigeria, including Barclays, Standard and UBA; by the shipping companies, notably members of the UK/West Africa Conference (UKWAL); by the increasing number of air charter operators and also by the efficient commercial section of the British High Commission in Lagos.

Probably the most important decision an intending exporter to Nigeria will have to make is whether to appoint an agent, and if so, which one. As the indigenisation decree is strengthened, it is increasingly unlikely that any exporter will be able to operate without the services of an agent—to advise him on changes in regulations, shifts in market demand, tenders of possible interest and to help with the large volume of paperwork necessary. It is self-evident that a good agent will be an invaluable asset, and a bad one a liability—the trick is obviously to ensure that you employ the former. There will be no shortage of offers, indeed everyone from your taxi-driver to the shoeshine boy will want to be your agent—or to use the vogue word in Lagos "consultant." There is no hard and fast rule to weed out unsuitable candidates, but you can take up references with his other principals, ask for a bank reference, or possibly consult a body like the Lagos Chamber of Commerce. And you can always use your own judgment.

Rented accommodation, notwithstanding directives from the Rent Tribunal, is still prohibitively expensive for foreigners—it can work out as high as N40,000 a year for a fairly *modest house; then there is* a car, servants and all the rich trappings that the modern expatriate worker seems to expect, like frequent holidays, private school fees and the like. So it is little wonder that the small firms prefer to use agents and send their representatives on frequent visits to Nigeria, itself no cheap undertaking, with the most modest hotels priced at around £30 a night.

Paperwork should not prove more than a minor irritation—but it is essential that documents should be in order. Many exporters complain of Nigerian delaying tactics, bad debts and other skullduggery when in fact they should be blaming themselves for not preparing the documentation properly. Obviously the procedures vary in different cases, but in general the exporter to Nigeria would be wise to send with his goods four supplier's—or manufacturer's—invoices, each one signed: four copies of the packing list verified by the local Chamber of Commerce; four copies of the certificate of weight and four copies of the certificate of origin, a document available at Chambers of Commerce and headed "Federation of Nigeria." These should enable the importer to obtain Central Bank clearance for the remittance of foreign exchange, which in present circumstances takes only a few weeks at most. An irrevocable letter of credit drawn on a reputable bank—the recommended way of doing business in Nigeria, at least initially—saves the anguish of waiting and removes any uncertainties about the credit-worthiness of one's client.

The exporter has now made the initial breakthrough; he has appointed a reliable agent; he has been paid for his goods and he now wishes to expand in Nigeria. He has at his service the most sophisticated advertising industry in Black Africa, currently handling billings worth nearly £25m. a year. Thanks to the comparatively high circulation figures of the major newspapers (the Daily Times, for example, has some 220,000 readers) the advertiser can reach the sophisticated urban dweller, while thanks to radio—and to some extent television—he can also address the majority who live in the rural areas. Like commercial agents, advertising agencies have been mushrooming with the economy—and not all of them have integrity and ability. But the best ones—and the Association of Advertising Practitioners maintains a list of recommended agencies—know their job and the market well and can produce work the equal of that produced in Europe.

Bribery

Most Westerners doing business with any part of the developing world for the first time assume that bribery is endemic. It would be foolish to pretend that the wheels of commerce are not greased in Nigeria, as elsewhere—but perhaps not to the extent that is often supposed. It is in any case hardly a subject on which generalised advice could be given. As in the West definitions become blurred: when do "perks," like visits to Europe and slightly over-generous Christmas presents, become bribes? On this tricky subject individuals, and corporations, will have to make up their own minds—according to their scruples, the competition and the state of their bank balance.

It must be said that there are few places in the world where a person with ideas and initiative gets a warmer welcome. Perhaps because of a new confidence bred of oil wealth Nigeria to-day has a positivism which is conspicuously missing in Britain. A long history of trading has always made Nigerians open to offers (an old saying has it that two Nigerians make a market): now they are open to ideas too. They want to branch out from simple buying and selling (although that still certainly has its age-old attraction), and gain experience in service industries, manufacturing, new technologies. The eagerness to learn gives the private businessman a greater flexibility than his Western counterpart, and yet will always find him willing to give you a hearing—even if your interests do not initially appear to coincide.

Alan Hutchison

Nigeria's trades unions have shown themselves to be a much stronger force than might be expected under a military regime. The Government plans to restructure the union movement, aiming to replace more than 2,000 separate organisations with just 31 unions.

Trades unions

FOR A moment, during the Udoji wage scramble of two years ago, the Nigerian trades union movement called the tune to the Government: the country witnessed the strange spectacle of a military administration backing down when confronted with illegal strikers. Perhaps with that experience in mind the present Government has taken a far tougher line with unions, imposing wage restraint, instituting an enquiry into alleged union malpractices and banning the four main union umbrella organisations.

Relations between the unions and the Government are peculiarly sensitive in Nigeria. For a start, the Government is the largest employer of labour in the country, and therefore has to be careful that any action it might take against union activity is not interpreted as a powerful employer wielding the big stick. Secondly, before the return of political parties, unions are the obvious organisations where an adventurous politician might try and gain premature—and therefore unfair—support. Trade unions are thus regarded warily by the Government as potential focuses of political, as well as economic, agitation.

Watershed

The Udoji wage awards certainly marked a watershed in labour-employer relations, but the speed with which they were awarded, as well as their size, inevitably carried with them the seeds of future trouble. At a stroke they made Nigerian labour the most expensive in Black Africa, they contributed to the huge rise in the inflation rate, now running at around 45 per cent. a year; perhaps above all they raised too high the expectations of every worker in the country. The almost feverish resultant wage claims made government intervention inevitable, and last June a nine-month policy of wage restraint was imposed.

This period, which ends on March 31 next, has in some respects demonstrated the power of organised labour, for although strikes are illegal, unions have with impunity staged work-to-rules and go-slows, and by pressing for fringe benefits have effectively circumvented the wage freeze. Employers openly wonder why the Government bothers to have any labour laws at all when they are so constantly flouted. And they are of course extremely anxious about what will happen later this year, warning that the present policy "will have achieved nothing if all it does it to erect a barrier to wage increases now, to be removed after March 31," as the journal of the Nigeria Employers' Consultative Association (NECA) put it recently.

The unions, however, have not been having it all their own way. For a start alleged frauds and other malpractices were investigated last year by the Adebiyi Tribunal, and although its findings have yet to be published there have been enough leaks to suggest that union leadership did indeed leave a lot to be desired. It is rumoured that a number of prominent union leaders accepted bribes from their employers in return for moderating wage claims. Pluralism was also rife, with one man holding the secretary-generalship of perhaps as many as 20 small unions.

The tribunal was set up partly as a response to grass roots grumbling at the way union leaders had conducted the merger in December, 1975, of the four major umbrella organisations—the Nigerian Trade Union Congress (NTUC), the Nigerian Workers' Council (NWC), the Labour Unity Front (LUF) and the United Labour Congress (ULC). These four had come together, not for the first time, to try to create a united union front, called the Nigerian Labour Congress.

Unfortunately the elections and other procedures caused discontent among the rank and file, and the Government was forced to intervene and effectively ban the Congress. It appointed an independent administrator, whose main task is to effect the formation of a single central labour organisation—a move which would obviously be welcomed by the Government in its capacity as employer, but which must not appear to be forced on the trade union movement by the Government as executive authority.

It will be a stiff task, because the history of trade unionism in Nigeria has been signposted by failed attempts to amalgamate opposed umbrella organisations into a single body. But as an outsider the administrator

CONTINUED ON NEXT PAGE

Although the Government is increasing its control over - and stake in - their operations, Nigeria is still a very profitable market for foreign commercial banks. Expansion of the role the banks can play in financing development is now a major priority.

The banking scene

ST OCTOBER, only three nths after announring its ntions, the Nigerian Gov- ment took stakes in all the eign banks, so that they are at least 60 per cent. erian-owned. The action sed great bitterness among newly established merchant ks, and one, First National Bank left Nigeria gether. At least one other it to the brink of pulling

here are three categories of in Nigeria. First there are 18 commercial hanks, led in s of deposits by three with for foreign stakes: Standard branches), Barclays (95) United Bank for Africa). There are 11 indigenous ks, such as the National the Afriran Continental k and the Bank of the th, predominantly owned by te governments, and four er foreign banks (I.B.W.A., Arab Bank, the Bank of ia and Savannah Bank, which ently changed its name from k of America).

o the second category come merrhant banks, of which foreign ones are First ional Bank of Chicago, se Merchant Bank and ted Dominions Trust, and local ones (to whirh Euro- and U.S. banks hold es): Investment Company Nigeria (Icon) and Nigerian Acceptances. Finally there are Government-owned develop- t banks, including the rian Industrial Develop- t Bank, the Nigerian Bank Commerce and Industry and Nigerian Agricultural Bank.

ilure

e Nigerian Government, many another Afriran rnment, has long been rated by its failure to make banks assist economic de- ment by lending more to weaker sections of the econ- . Foreign banks naturally er strong reliable customers reasons of financial prud- . Until recently few genous banks had the finan- neans to lend to the weaker rs.

the Nigerian Government situation became critical the Udoji pay rises in 1975. Bank deposits rose ly and the Government has o curb increases in lending n effort to restrain the y supply. But despite their us liquidity the banks not kapt rigidty to the lines requiring them to proportionately to particu- ectors of the economy. Tha uctive sector should now ve 58 per cent. of tha com- ial banks' total loans and oces; in February, 1976 the l figure was 52.4 per cent., er rate of cmmpliance than achieved in the 1974-75 cial year. Credit advanced e "less productive" sectors hicb includas trada finance personal loans — was 6 cent. above the maximum y the Central Bank of ia, and import financing ded it by 39 per cent.

the last budget the Gov- nt decided to makr the guidelines mandatory for ommercial banks, and any which exceeds the ceiling nding to the less produc- sector suffers a financial ty which increases ly and takes the form of rcentage of the excess being confiscated by the al Bank.

ee months later the nment announced that all were to be 60 per cent. ian owned and that tha which would have to be o achieve this would be by the Gnvernment. The er tonk plare in October. e big three foreign com- al banks the change was drastic since all three approximately 40 per owned by the Government y, and had all sold eo 8 and 9 per cent. of equity to the Nigerian . The Government thus bout another 11 per cent. the foreigo merrhant had no Nigecian stake, been in operation only lively short time. Some m came to Nigeria on tha standing that they would shares to the public a ears later, by whirb time hoped to be able to pro- a good prospertus and to estahlishad a reliabla record. The American felt a strong resistance idea of selling shares to overnment: it was prob- his factor more thaoy any which persuaded Citibank, had been operating sfully for nearly three to give up its licence and Among the other U.S. First National Bank of o has drclared ita inten- f changing its name, the course of action already taken by Bank of America. It goes without saying that the merrhant banks were unhappy with the price they were paid, which was based on book value with some estimate of future earnings.

For the foreign commercial banks the blow was sweetened by the fact that Nigeria has heen and remains a highly profitable market. It remains to be seen whether their style of operation is substantially altered by the Government takeover, since hoth through its original shareholding and through the powers of the Central Bank the Government had considerable control over them anyway. The authorities have stressed that they should continue to operate "under sound banking principles" and maintain effective "credit and audit control." Expatriates will for the moment continue to make up the majority of the banks' senior executives, though not, of course, of the directors, and the Commissioner for Finance, Dr. A. E. Ekukinam, has said that Government "interference in the daily administration of tha banks' will not be much more than in the past."

In stressing "sound banking principles" the Government no doubt intends that the foreign banks should continue to set an example to the wholly indigenous banks, some of which have suffered in the past from ineffective management and poor credit control. But there is likely to be pressure on the foreign banks to increase the number of branches in previously unbanked areas: although Nigerian banks hava increased their total number of branches by more than 40 per cent. from 318 to 450 between January, 1971 and June, 1976, only 36 of these new branches were set up in previously unbanked areas, and of these three-quarters were the creation of the indigenous banks.

If the foreign banks are to increase their presence in the previously unbanked areas and broaden the range of their borrowers, they will need positive support for such policies if they are at the same time to maintain "sound banking principles." It is possible that the Government's proposed agricultural credit scheme, under which it would guarantee up to three-quarters of loans to farmers, is a step in this direction. But ultimately the spread of effective banking to the unbanked areas is as much the responaibility of other Government agencies as it is of the banking system: it is, after all, hardly the fault of Lagos-based bankers that the majority of northern farmers are itliterata. The banks can only play a limited rote in developing Nigeria, though it can be argued that the role they now play can be expanded. Indeed it must be, if the latest extension of Government ownership is to be justified.

Medium- and long-term lending, particularly for starting up new projects, is the responsibility of the development banks, which borrow from the Government. Their main problem is not that of obtaining finance but of identifying bankable projects. The gap between their operations and the retail banking functions of the commercial banks is supposed to be filled by the merchant banks. The Government would like the merchant banks to supply medium-term finance and provide financial services such as putting together loan packages, leasing and, for Icon and Nigerian Acceptances, managing the issuing of securities.

Prospect

Some of the banks decided to come to Nigeria in the period after the Civil War when oil revenues were growing, but there seemed a good prospect that the State would soon borrow offshore. That was postponed by the 1973-74 oil price rise but is now looming again, and tha arranging of offshore finance may well turn out to be one of the most useful funrtions that the merrbant hanks ran perform for Nigeria.

But so far the merchant banks have found it impossible to fulfil the role designated for them by the Government. The Central Bank expects 70 per cent. of their advances to he to the productive sertor (at an interest rate reiling of 8 per rent.) and it also requirts that 50 per cent. of total loans and advances must he for three years or more, while only 10 per cent. may be short term loans of less than a year. They should also keep only 30 per rent. of their funds in liquid assets. The requirements are not mandatory, as in the case of the commerrial banks, but the merchant banks are under constant rensure from the Central Bank for their failure to attain them. In June 1976 about 66 per cent. of their loans were for one year or less (rompared with the offirial maximum of 10 per cent.) and only 12.6 per cent. were for three years or more (instead of the required 50 per cent.). The banks kept 96.2 per cent. of their funds in liquid, instead of 30 per cent.

The merchant hanks have small capital bases (not usually more than about N1.5m.) and depend for their funds on the excess liquidity of the commercial banks, who generally lend to them short term at between 2.5 and 3 per cent. The merchant banks argue that thay cannot make loans to the productive sertor at a maximum interest rate of 8 per cent. (to the non-productive sector the ceiling is 10 per rent.) on surh relatively expensive money, bearing in mind the very high cost of operating in Nigeria. Their return is too small to enable them to attract long-term funds, so they have to lend long against short-term deposits.

Apart from the two issuing houses the merchant hanks have been operating in many ways like commercial banks in order to make money. They initially took advantage of their right to handle foreign exchange transactions by issuing letters of credit for importers with much more speed and efficiency than the commercial banks (they could be more efficient because of their smaller size). But the Government stopped their foreign exchange authorisation in the 1976 Budget and only recently restored it, making clear at the time that they should only use it in connection with development projects they were financing.

A commission of inquiry under the respected financier Dr. Pius Okigbo is due to report soon on the Nigerian financial system. It is possible that he will conclude, as some influential figures in the Nigerian financial establishment have ronrluded, that the Government is asking the impossible of the merchant banks. Their share of total hank assets was only 6 per cent. last June so their loan potential, compared with that of the commercial banks, is very small. Thr commercial banks have the deposits and the network of branches to do the medium-term lending that is required of the merchant banks, though the latter are restricted by their liquidity requirements and the absence of an inter-bank money market. The development banks are ideally suited to providing medium to long-term finance, and fulfil their function well.

But there is still a role for the merrbant banks. They should soon be bringing in offshore funds (though the arranging of offshore finance will inevitably be largely done by the banks' prinripals in Europe and the U.S.) and providing sophisticated financial services such as leasing, an operation which has been slow to get off the ground. They could assess projects and assemble funds from different sources to finanre them so far they have been discouraged from doing this because the Central Bank has refused to let them charge the customary initial commission. But it is now being hinted that if the merchant banks showed a little more willingness to fulfil this funrtion the authorities might show a little more understanding.

J.B.

Trades unions

CONTINUED FROM PREVIOUS PAGE

might have an easier task than officials themselvea, because in the past disagreements have centred more on personality differences than on any major ideological divergence. This may seem like flying in the face of facts because the ULC, the largest union with some 400,000 members, is—or was, since it no longer legally exists—affiliated to the International Confederation of Free Trade Unions in Brussels, while the NTUC, with about 300,000 members, has been affiliated to the Moscow-dominated Wnrld Federation of Trade Unions.

This has made it look as if there were deep ideological differences between the two, but as a leading Nigerian industrialist told me recrntly: "Among the rank and file unionists there is complete apathy on ideological questiona—all they want from trade unionism is better wages and conditions. With a few exceptions trade union leaders up to now have looked to Moscow or Wasbington not for ideological guidaore but for technical assistance, training and financial support." The reasons, then, that previous merger attempts have been unsuccessful—from the Joint Artion Committee of 1964, through the United Committee of Central Lahour Organisations in 1970 right up to the most racent Labour Congress—have not been Cold War ones, but rather internecine birkering—a far more Nigerian, and a more soluble, problem.

The other main bugbear of trade unionism in Nigeria has been the problem of fragmentation, for until a recent tightening-up of ragistration laws, fiva people legally constituted a union. Disgruntled groups therefore frequently split off from the main body to form their own union, and employars often find they are dealing with five or six different unions in just one factory.

Although there are only some 1m. trade unionists in Nigeria there are well over 2,000 unions: this plethora has given rise to the professional trade union *careerist*, the *man* who is paid secretary-general of one large union, or perbaps of several smaller ones.

Early this year it emerged that the Government proposea to reorganisa the trade union movement along West German lines, with one umbrella organisation and only 31 individual unions, each representing a different industry or sertion of commerce. Though superficially satisfactory the new plan did not appear to have been carefully thought out, and NECA, whirh represents both private aod public sertor employers, was not ronsulted in its drafting.

It was not clear whether the new unions would roinride with the trade groups which represent employers in different industries, or whether some trade gronps might find themselves negotiating with more than one union (or vice versa). Another problem which seemed to bave been overlooked was the fact that many conglomeratrs, surh as the United Africa Company, at present have only one company union; under the new plan it would have to deal with a different union for each of its activities. The Govarnment also saems to envisage management staff and workers being represented by the same union, which could lead to difficult situations in many companies.

It might appear that labour relations are uniformly bad in Nigeria, but this would be misleading. The larger companias have a ceal sense of responsibility towards their workforce; with subsidised canteens, good medical care (which is a voluntary cesponsibility), sports teams, sbare incentive scbemes and other fringe henefits. For their part the unionists, despite their militancy and real suffecing caused by high inflation, know that to he a salaried employee in Nigeria is still to-day a privilege and that they are envied by millions of their un- or underemployed countrymen.

For the next two years the attention of trade union leaders will very property be focused on trying to win bettec conditions for their members, and with the speed that Nigeria is industrialising it will be essential to ensure that oll new employers, large and amall, do not exploit unemployment to lower wages and worsen working conditions. But the public will also be watching to see how (for tbey surely *will*) the unions organise themselves politically. Will the movement be captured lock, stock and barrel by a single party? Will the trade onion movement itself form a Labour Party?

On its record so far it seems likely that the movement is not cohesive enough to apeak with one political voire. Already trade union activity bas influenred government action, and it will surely do so again; hut it seems highly unlikely that the trade union appeal is wide enough to command popular political support—there are, after all, some 40m. Nigerlan adults who are *not* trade unionists.

A.H.

Manufacturing companies in Nigeria have seen their turnover and profits grow very sharply in the past two years. But successes have only been achieved in the face of the physical problems of operating in a desperately congested environment, while private industry faces many uncertainties including a tariff system which is difficult to administer and in some respects out of date. The shortage of management skills as companies expand is another serious concern. JAMES BUXTON visited manufacturing companies in Nigeria and describes how they operate.

Business environment

VOLKSWAGEN of Nigeria runs one of the newest and most modern plants in the country. Sited a few miles outside Lagos on the four-lane highway to Badagry, it is everything that one would expect of German efficiency in a country which intends to become a major industrial State. Yet to contact Volkswagen's management from Lagos involves a somewhat cumbersome procedure. One has to go to a house in the residential suburb of Ikoyi and make an appointment over the radio. For despite having been in business for nearly two years Volkswagen of Nigeria is still not on the telephone.

Companies operating in Nigeria usually print a five-year financial summary at the back of their annual reports. The pattern of each one is almost identical: steady but restrained growth of turnover between 1971 and 1974, then a sudden leap in 1975, often to double the 1971 figure, and a further increase in 1976. Profit margins have similarly widened, and in some cases earnings per share have increased by staggering proportions.

That is the bright side. The Nigerian economy is experiencing a heady boom and the atmosphere probably resembles nothing so much as the last quarter of the last century in the U.S. There is nothing gentle and even less that is gentlemanly about business in Nigeria. Though almost every company operating in Nigeria can sell everything that it can import or manufacture, and will be able to do so for several years to come, success in business is only achieved in the face of remarkable difficulties.

Larger

First there is the infrastructure—or lack of it. Volkswagen has been generating its own electricity for two years to supply a factory which can assemble 140 cars a day. It is not unique in this: most other manufacturing companies in Nigeria have alternative power supplies which they can bring into operation when the lights go out. Other companies, including Volkswagen, have sunk their own wells to make them independent of the mains water supply, which is often defective.

Volkswagen's radio telephone is not unusual. Probably hundreds of companies in the Lagos area and further afield rely on radio for their communications, since even if they are on the telephone it works too rarely to be worth relying on. One of the major industrial estates in Nigeria is at Ikeja, near Murtala Muhammed airport; here few telephones have worked properly for several years and plants there are almost totally cut off from Lagos, only 17 km. away. Before the Lagos traffic was eased by an edict banning half the cars each day a Lagos businessman who wanted to visit Ikeja would allow a whole day for it: in some cases he might set out the previous evening and stay overnight there in order to be sure of having a full day's work next day.

While poor telecommunications may at times be a severe inconvenience, the maintenance of a smooth flow of inputs from the industrial countries is the manufacturing company's lifeblood. During the worst of the port congestion in 1975, when several hundred ships were waiting to enter Lagos, with the situation nearly as bad at Nigeria's other ports, many companies' production schedules were wrecked by the fact that vital raw materials and components were lying out at sea on ships waiting to enter harbour, some of which waited for a year or more. For the big importing companies which supply the Nigerian consumer market it meant the frustration of being unable to serve properly the vast consumer demand boom caused by the Udoji pay rises.

Since then the port congestion has eased and almost all companies have established means of ensuring a steady flow of supplies. Usually this means relying on the express vessels operated by the shipping conference lines from the U.K., Northern Europe, the U.S. and Far East which can normally come straight into their reserved berths at Apapa and Port Harcourt and unload without delay. Space must, however, be reserved months in advance. Other companies effectively bypass the port.

Volkswagen, for instance, has its own fleet of charter ships which bring in the completely knocked down components for its cars from Brazil and West Germany. The ships moor at a reserved buoy and the crates of components are unloaded into lighters. The lighters are then towed up a creek and docked near the factory. To cross the last few kilometres of swamp plus the busy Badagry highway a Bell helicopter lifts the crates each weighing up to three tons from the lighter to the factory area. Each return flight takes only about four to five minutes.

The other car assembler Peugeot at Kaduna, in the north does not rely on sea transport for any but the heaviest items. All the vehicle components are flown in to Kano daily by the French airline UTA on a DC8 and then sent by road to the assembly plant.

To guard against shortages because of delays in shipping and transport, companies keep big stocks, far bigger than would normally be financially justified, to ensure that they can keep going if the supply chain breaks down. But though companies are now considerably more accustomed to operating in the very tough Nigerian conditions than they were when the oil boom began they are still be foiled by outside factors.

If transport from the outside world can be a serious problem transport inside Nigeria is frequently considerably worse and astronomically expensive to boot. It can cost N50 for a ton of cargo to cover the 700 miles from Lagos to Kano by road. The cost of transport is high because of the large mileage, poor roads, which take a heavy toll on vehicles, the shortage of lorries (now gradually being overcome), the difficulty of getting spare parts for many kinds of lorry, the shortage of experienced maintenance men, and the cost of insuring against the relatively high probability of pilfering.

Because of this there is an increasing tendency for production to be localised; a manufacturer either of consumer goods or of components being passed on to other manufacturers normally supplies a more than his immediate area. This means that there is a strong tendency for industry to be concentrated in a few areas, such as the Lagos area, Benin, Enugu, Port Harcourt, Kaduna, Kano and Ibadan, and Nigeria is only rarely envisaged as one complete market. Leventis, one of the big supply companies, has Coca-Cola bottling plants all over Nigeria because the cost of transport outweighs the potential advantages of large-scale centralised bottling.

Manufacturers' problems

BOTH NIGERIAN and expatriate businessmen constantly say that if they had or could make the goods they could sell them. A Nigerian sales manager in a big manufacturing company said: "There is a great stream of money in the Nigerian economy, but most of it flows straight past our door and there is nothing we can do about it. It is heart-breaking." Almost all companies are desperately short of capacity and few of them see the situation improving markedly for several years. For despite the obvious economic need to expand there are many things holding them back.

One major handicap is the physical constraint on supply. Until the capacity of Nigeria's ports and airports is considerably expanded manufacturing industry cannot fully meet the demand for goods in the economy. But in making investment decisions companies are hampered by more than that. First, many manufacturers supply other industries rather than the consumer direct. It is not easy to predict what the Nigerian consumer is likely to want next year, although market research does exist in Nigeria, but it is considerably more difficult to assess other companies' needs for components and supplies, even when they place orders. For in an economy which is suffering acute shortages of many items there is a tendency to over-order in the hope of getting at least some of what you want.

Ever since the Government announced, not long after the fall of General Gowon in July 1975, that it was proposing to let Nigerians take a larger stake in many companies operating in the country there has been considerable uncertainty, not so much over the principle of the measure (the indigenisation process—as it is called—began in 1972) as over the category into which a particular business would fall. The doubt was increased by the fact that the report of a Government-appointed panel made one set of recommendations, which were altered by the Government in a White Paper.

Last month's promulgation of the latest indigenisation decree at least ends a considerable degree of uncertainty and should lead to the go-ahead for many projects which have been held in abeyance for a year or more. But while the measure itself may well be to Nigeria's advantage both its timing and long gestation period have hindered industrial development.

But there are two other aspects of Government policy which cause companies much concern, though it is difficult to generalise because each company is affected in a different way. These are price control and protection policy. The Government of a country suffering high inflation and serious shortages, as Nigeria is, is under strong political pressure to try to halt price rises "at a stroke" by price control. Unfortunately even the most enthusiastic advocates of price control usually admit that it is a measure which needs to be applied with considerable skill. In Nigeria there is not much doubt even in Government circles that it is often applied ineptly and is rarely to the advantage of the consumer.

As the Government-appointed Anti-Inflation Task Force reported last year, the problems of inflation and shortages can only finally be solved by removing the infrastructural constraints on supply. The Government is aware of that but with the often weak liaison between private industry and the Government it is easy to put blame for shortages and high prices on the manufacturers. The result is that companies hesitate to start production of certain lines in case they fall foul of a capriciously exercised price restriction.

The complex issue of tariffs and protection lies at the heart of the dilemma which the Government faces in deciding its strategy for manufacturing industry. Industry grew rapidly in the 1960s because of import restrictions. Output grew after the civil war ended and industries enjoyed "pent-up" consumer demand. But as the market expanded beyond local manufacturing capacity it became necessary to relieve import restrictions, the difficulty for the Government was that this had to be done at a time when, in the wake of the oil price rise and the Udoji pay awards, industry's costs were rising sharply.

Stagnated

Industrial output stagnated during 1974 and only began to rise again the following year, when the car assembly plants came on stream. For companies deciding whether or not to invest the tariff situation is often the crucial factor: the company needs to be certain that its output will be protected before going ahead.

The Government is anxious to encourage foreign investment in industry but like almost all civil servants those at the Ministries of Trade and Industry are badly overstretched. A coherent tariff strategy to deal with the situation facing Nigerian industry is gradually being formulated but the Government cannot always react to requests for action as urgently as industry would like. Some of the temporary bans on specific imports, designed usually to ease port congestion, have been obscurely phrased and heavy handed in their application.

There are many fields in which comprehensive tariff reform is probably essential. Here it is only possible to discuss two: the import of cars and the production of textiles.

Nigeria's first two car assembly plants both opened in the spring of 1975, with Volkswagen operating a plant outside Lagos and Peugeot at Kaduna. Both plants import completely knocked down (CKD) vehicles and claim to carry out about 60 per cent. of the production work on each car in Nigeria. Volkswagen imports 75 per cent. of its CKD components from its plant in Brazil, with the rest coming from Germany, while Peugeot brings in its components direct from France by air freight to Kano.

After starting with one shift producing 60 cars a day Volkswagen's installed capacity with two shifts is 140 cars per day, which allowing for slippage enables it to produce about 35,000 cars a year, and it is intended to increase capacity to 180 cars per day in the next financial year. Peugeot's output is slightly lower than Volkswagen's but a N16m. expansion programme should double its capacity by the end of this year.

The Nigerian car market is fraught with considerable controversy. There are frequent complaints that the delivery times for cars are too long and that car dealers at the local level charge exorbitant prices, despite stringent price regulations. In theory the local assemblers are expected to meet 60 per cent. of the demand for cars and they enjoy a degree of protection on the import of cars below 2000 cc. Last year the assemblers estimated total car demand at 80,000.

They claim that this estimate proved to be substantially correct (official figures on car imports are not yet available) and that Peugeot and Volkswagen fulfilled their share of the market, though Peugeot did so partly by imports of completely assembled cars, for which it also has a licence. The cause of the scarcity, the car assemblers argue, was mainly due to the fact that the Government issued import licences in a bunch, rather than spread out over the year. In such conditions there were naturally opportunities for unscrupulous car salesmen to make windfall profits out of temporary shortages.

The Government, however, while taking action against some of the car dealers, took an unsympathetic view of the car assemblers' position, and requests for price rises were dismissed. Though there are many aspects to the car supply problem it is clear that a major priority is to look closely at the whole question of protection and tariffs. With duty on imported CKD parts at 15 per cent. and on assembled cars in the same cubic capacity bracket at 25 per cent. the local assemblers with their high costs inevitably face financial constraints. Nevertheless they appear happy to increase output to meet the rising demand, and increase their share of the market.

The textile industry, meanwhile, enjoys an almost total ban on all finished fabrics. Though this is naturally to the advantage of the local manufacturers, Nigeria's average per capita consumption of textiles is lower than that of most comparable African countries and the producers have surplus fabric finishing capacity. The reason for this is that the import of greycloth, from which the finished product is made, is also virtually totally banned so the textile industry has to draw on local supplies.

Unfortunately, protection of domestic production of yarns and staple fibres is relatively low so there is insufficient incentive to develop the necessary spinning capacity to meet the needs of the finished fabric producers. In the opinion of some textile specialists increased protection is now needed at the lower levels of the production chain to maximise the use of local inputs, including Nigerian cotton, and—when petrochemical plants come onstream in the next decade—raw material for the synthetic fibres industry.

Ultimately a strong vertically integrated textile industry may have surplus capacity for exports of finished products. The Common Market is an obvious potential market for Nigeria as an ACP country, as is the newly formed West African Community, ECOWAS. But the formulation of an export policy for Nigeria is some way away. There is, as every competent Nigerian will tell you, far too much to do already.

Management

...E MEN who run Nigerian ...panies, whether expatriate ... Nigerian, usually have ...bing but praise for their ...ployees, managerial or other... e. Their complaint is that ...y cannot get enough of ...m.

...n a very rapidly expanding ...nomy like Nigeria there is ...vitably a shortage of trained ...nagers to work in industry, ...t as there is a shortage of ...ined labour to work on the ...p floor. The problem is ...cerbated by conflicting pres... es. On the one hand the ...vernment naturally wants ...erians to play as large a part ... running companies as ...sible; at the same time it ...ws that one of the best ways ...which Nigerians can learn to ...nage companies is to work ...ngside experienced ex... riates.

...t is difficult, perhaps impos... le, to strike the correct ...ance. In the past few years ...h company's expatriate quota ... been reduced and more and ...re Nigerians have taken over ...ior management jobs in their ...opanies. Many companies ...icipated this trend by a ...nagement development policy ...etching back over several ...rs, so that when the quotas ...re cut they were ready for ... Other companies, less far-...hted, made inadequate provi-...n for the future and have suffered as a result. There are fewer and fewer loopholes for squeezing in extra expatriates, and the result, usually, is that the remaining expatriates, plus those few precious experienced Nigerians they have been able to get hold of, carry a very heavy burden of work.

Most companies in which there is expatriate equity participation have strong disincentives from employing more Europeans, Japanese and Americans. Quite apart from Government disfavour it is far more expensive in terms of salary and expense than employing Nigerians. It is reckoned that in Lagos it can cost as much as N80,000 to keep an expatriate when rent, school fees, leave passages, etc., are taken into account.

Nevertheless, such companies naturally wish to keep management control of their operations and that involves putting their own expatriate employees into top jobs. At the same time they tend to argue that it is in Nigeria's long-term interests that the expatriate quotas are lifted slightly. A company whose turnover doubles in a year may not need twice as many managers, but the work load and the responsibility on the shoulders of existing staff definitely increases. The Nigerian manager is often up to his eyes in work, and as the operation becomes technically more sophisticated he needs to travel abroad to acquire new experience. But he cannot leave his post because very often there is no one to replace him.

Thoughtful expatriates are not alone in thinking that the transfer of technology depends to a large extent on having a large number of experienced managers around; Nigerians "at the sharp end" of manufacturing companies admit privately that they need more expatriates, and the Nigerian Institute of Management which plays an important role in the development of Nigerian management skills, has discreetly voiced calls for caution in the phasing out of expatriates.

Shallower

It may be significant that, especially in the north where the depth of experience is shallower than in the south, Nigerian-owned companies are applying for, and being granted, higher expatriate quotas as the volume of business builds up. Some people in Nigerian industry are predicting that when more companies move to 60 per cent. Nigerian ownership under the indigenisation decree there will, paradoxically, be more expatriates running them in proportion to their new equity stake since a majority Nigerian-owned company can exercise more influence over the immigration authorities.

The small group of senior Nigerians who hold directorships in major quoted companies are usually only too well aware of the pressures Nigerian managers are under, since they themselves are almost invariably overworked. They often sit on the boards of several important companies at once and probably have executive functions in some of them, while their services are occasionally required as trouble-shooters in some of the indigenous companies. In addition they are constantly called upon to sit on Government committees and the boards of parastatal organisations. As a result few of them have any time for their private life.

The Government is taking action to speed up the development of Nigerian management talent. The Centre for Management Development which was established during the second plan period is stepping up its training programme, as is the Industrial Training Fund. In the private sector both the Nigerian Institute of Management and the Nigerian Institute of Personnel Management are constantly increasing their efforts to improve the quantity and quality of Nigerian management.

...ulius ...erger

...IS estimated that at least ...-thirds of Nigeria's public ...tor development spending in ... next few years will go on ...cks and mortar, so it is not ...prising that construction ...npanies and building ...terial suppliers maintain a ...ong presence. Britain is well ...resented by Costain, Taylor ...odrow and Wimpey, but the ...tish predominance in ...gerian construction dis...peared during the 1960s as ...ropean companies moved in ...notably Dumez (from ...nce), Cappa and D'Albertis ...aly) and Monier (West ...rman). A range of East ...ropean concerns have begun ...erating, while indigenous ...gerian companies have built ... reputations.

...ut probably no company's ...rations appear so spectacu... as those of the West German ...struction concern Julius ...ger. This may be unfair to ...er companies since the ...jority of Julius Berger's ...k is in Lagos, where its ...rations are more obvious ...l where what the company is ...ng to relieve traffic and port ...gestion is of vital economic, ...not political, importance to ...eria. But since Julius ...rger's name is constantly ...d up by both Nigerians and ...atriates as an example of ...at can be achieved in the ...e of the unfavourable ...erian environment, it is ...bably justifiable to examine ... its "miracles" are ...ieved.

Julius Berger's first success, the Eko Bridge linking Lagos Island with the mainland.

...uccess

...ulius Berger's success owes ...ch to the reputation it estab-...ed ten years ago for ...arkable efficiency and speed. ... German Government put up ... finance to build a second ...dge linking Lagos Island with ... mainland. Julius Berger, a ...mpany new to Nigeria but ...h bridge design and engi-...ring experience in West ...rmany, put forward its own ... for the bridge, which was ...epted by the Nigerian autho-...es, and the company won ... contract. It completed the ... bridge in 1968, six months ...ad of schedule, and has ...er looked back. As second ... third phases of the con-...t, the company went on to ...d a total of 11km of flyover ... underpass linking the new ...ge with other roads in ...apa and the mainland areas ... Lagos, and giving Lagos a ...plex of cloverleaf junctions ...re reminiscent of Los ...geles than Africa. The last ...tions were opened in ...ober, 1974.

...he Eko bridge and the high-...s which go with it did much ...ease the traffic in the Lagos ...a but could not cope with the ...den growth in the number ... vehicles caused by the oil ...m. Various schemes were ... forward to relieve the ...fic congestion on Lagos ...nd itself. Julius Berger put ...ward its own design for an ...er ring road system, won the ...tract and went ahead at the ... of 1975. The whole of Lagos ...nd is to be surrounded with ...dges and flyovers, mostly ...lt on reclaimed land, and ...porarily filling in the canal ...ween Ikoyi and Lagos Island. ... whole complex of roads, the ...tract for which is worth ...0m., includes a new cause-... and bridge to the mainland ...hough parts of it, including ... new road along the marina, ...uld be open later this year, ... whole scheme is due for ...opletion in October, 1978. Parts of it are already ahead of schedule.

If the notorious port congestion at Lagos eases within the next two years it will be largely thanks to the construction work of Julius Berger. It is extending the wharf at Apapa to create six in eight berths, due to come on stream over the next two years. But far more spectacular is the completely new port which Julius Berger is building at nearby Tin Can Island, with the astonishing completion time of 15 months. Julius Berger has designed the entire port including the ten berths, a power station and every other facility. The swampy island first had to be levelled below sea level by the removal of 4-5m. tons of unsuitable material and is now being rebuilt by sand fill from a team of immense dredgers. The plan had to be prepared in such detail that it could swing into action the moment the contract was awarded. So far the project, which is worth N180m. to Julius Berger, is running to schedule, yet the untrained observer, seeing how little is so far on the ground, would find it incredible that by November this year the port is due to be handed over to the Nigerian Ports Authority.

Part of the secret of Julius Berger's success is the technical backing it receives from the company's headquarters in Wiesbaden, West Germany. The parent company recently merged to form Bittinger und Berger, now one of West Germany's biggest construction companies. Julius Berger itself had previously been almost disproportionately involved in Nigeria. The operating subsidiary in Nigeria is 20 per cent. owned by the Lagos State Government and 20 per cent. owned by Plateau State, where it is carrying out major water supply projects.

Monitored

The Nigerian projects are controlled from the headquarters at Wiesbaden and their progress is monitored with weekly checks by computer to ensure that work on the project and the steady inflow of supplies follows the very narrow critical path which the speed of the project requires. The company ships material from West Germany to its own port facilities in Lagos, while in the Lagos area it has its own quarry, precast concrete factory, repair workshops, iron bending works and concrete mixing plants, all of which help to make it independent of outside suppliers.

With severe penalty clauses for late completion, Julius Berger works 24 hours a day, seven days a week, on its Lagos projects. Out of its 28,000-29,000 workers only 320 are expatriates permanently based in Nigeria, though many of these men work on the site as supervisors but not foremen.

Though Julius Berger's projects are regarded as crucial by the Nigerian authorities, the company is no more insulated from the red tape of Nigerian bureaucracy than any other concern, though its record to date of always completing projects on or ahead of schedule gives the Government confidence and enables it to justify the high cost of speedy construction. The Government makes advance payments to cover the purchase of the main supplies and to enable the contractor to place options on materials needed later. The contracts naturally include price fluctuation clauses.

Though road and bridge construction in the Lagos area is likely to keep Julius Berger busy for several more years, it wants to expand into other parts of Nigeria, at least partly to justify its heavy investment in fixed plant. It is already undertaking a water supply project in Kwara State and building bridges across the Niger at Jebba between Kwara and Niger State. But the monuments to Julius Berger will for the time being be in Lagos, where it proves what is possible in what is usually considered an impossible city.

Raleigh Industries

ONE OF the first things a Nigerian does when he acquires some cash is buy a bicycle. Eighty per cent. of the booming Nigerian market is in the hands of Raleigh Industries, which operates a factory on an industrial estate in Kano. This year Raleigh expects to sell 450,000 bicycles, and Nigeria is the fastest growing market in the world for its bikes.

Raleigh started trading in Nigeria in October, 1973, and opened its factory in January, 1975. So far the factory produces only forks, frames and mudguards. The chrome parts, like handlebars and wheel rims, are supplied from the U.K. and matched up to form completely knocked down (CKD) bicycle kits, which are assembled by dealers all over the country. But Raleigh's Kano factory is important for two reasons: first, it is the only bicycle manufacturing operation in Nigeria; second, and more important, it is virtually the only secondary engineering operation in the country.

Unlike, for example, the car assembly plants, Raleigh's is not a "screwdriver operation." Though on a relatively small scale, specialised engineering techniques such as roll forming, brazing and electrostatic spraying are carried out at Kano, and the company has made a heavy investment in training. Nigerian machine operators (the company employs about 240) can reach an acceptable standard in three to four weeks of training, but it takes longer for managers to get used to the operation. After some months with the company in Nigeria, they are sent on three-month training courses in the U.K.

Now that much of the initial investment in training has been made, the company, in which the U.K. parent has a 45 per cent. stake—the rest being held by Nigerian business interests—can expand into more sophisticated engineering processes. As a first step, plans for building a N3.5m. chrome plating and rim-making facility in Kano are at a highly advanced stage. The plant will be the largest such facility in Africa and when it comes on stream, which will take about two years from the starting date, Raleigh will be in a position to corner something which has so far largely eluded it—a big share of the bicycle spares market.

The spares market is thought to be worth about N15m. a year and to date all but a small percentage of it is met by imports from Chinese, Indian and West German manufacturers, some of whose products bear a marked outward resemblance to Raleigh's own. But Raleigh believes that when its plant comes on stream the superiority of its products will help drive its competitors out of the market.

One of Raleigh's problems is that, like many companies in Nigeria, it is enjoying such fast growth that its management employees can barely keep up with the pace of change. "Once we've got them doing one thing we have to rush them on to something else," says Brian Dunnill, the managing director. The company has nine depots all over the federation (more are planned) from which 400 dealers can draw stocks. Raleigh does not use the distribution system of the big trading companies.

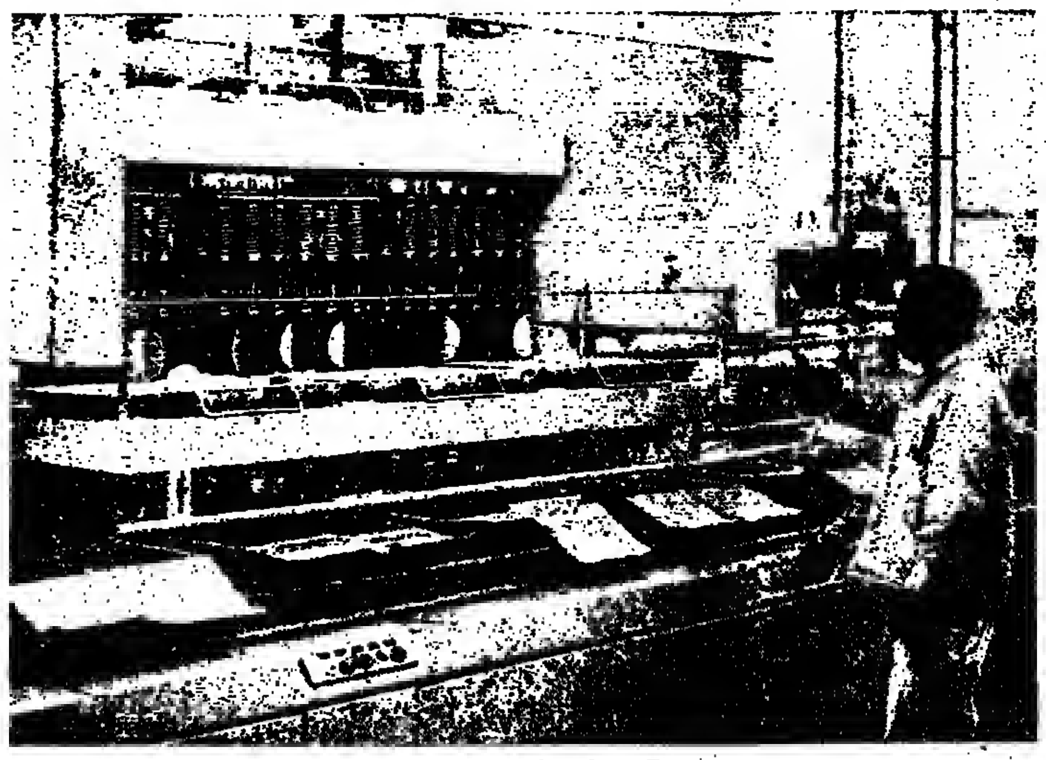
And the bikes themselves: Raleigh does not manufacture its fast, flashy bikes in Nigeria (though it sells some of them there). The Nigerian-made machines are sturdy and somewhat old-fashioned-looking, but ideal for tough local conditions. The customer can have any colour he wants—so long as it is black.

NIGERIA X

Moves towards putting control of business and industry more firmly into Nigerian hands have proceeded steadily but not intemperately, and new companies still find it worth while to move in. But there is concern that the skills of Nigerian manpower are not improving as fast as is desirable.

Indigenisation

THE GOVERNMENT ended a period of nail-biting uncertainty for expatriate businessmen last month by publishing the new Nigerian Enterprises Promotion Decree, which sharply increases Nigerian ownership of business and industry. The businessmen had feared that the decree could reflect the relatively extreme views expressed by a Government-appointed panel set up just over a year earlier to review indigenisation, as the process is called. But although it will take some time for the full implications of the decree to be absorbed, the initial reaction of businessmen is that the Nigerian authorities appear to have been fairly pragmatic and that while Nigerian control of business will increase, it is still worth while for foreign investors to stay in the country.



A production line in the Star Beer factory.

Political considerations aside, there were some quite good reasons for looking again at indigenisation. The first decree, promulgated in 1972 for compliance by 1974 created two schedules: the first listed relatively simple types of business and decreed that they were to be wholly owned by Nigerians. In the second schedule were businesses such as brewing and metal container making which were considered of strategic importance to the economy though they relied to a fair degree on imported technology; these businesses were to be 40 per cent. owned by Nigerians. The decree left smaller scale businesses relying to a high degree on imported skills entirely in foreign hands.

The first decree transferred the ownership of such businesses as road haulage and small-scale retailing from the hands of Lebanese, Syrian and Indian traders into the hands of Nigerians, while in schedule two most large scale companies including the big expatriate trading conglomerates, sold 40 per cent. of their equity to Nigerians. About 25 of them sold out through the Lagos Stock Exchange.

Among the U.S. and European companies in schedule two the operation went fairly smoothly, though there was dissatisfaction at the prices at which they were allowed to sell their shares, for the issues were vetted by the official Capital Issues Commission. On the Nigerian side the principal complaint was that ownership of shares was concentrated too heavily among the commercially astute Yorubas of the south west, who were closer to the financial centre, Lagos. Among the smaller companies, on the other hand, and especially in schedule one, the investigating panel reported a wide range of abuses and said that overall only about one-third of the 1,000-odd businesses affected by both schedules had fully complied with the decree by the middle of last year.

In some cases foreigners had used the decree's relative flexibility to evade it; in others the decree appeared to have been complied with but in fact only a nominal change of ownership had taken place. The previous owner was still effectively in charge and drawing profits from the business, while one or more Nigerians were happy to collude with him in order to become rich men as "front" owners.

The panel, which reported last summer, called for greater Government powers to correct and prevent abuses. It also recommended moving more businesses into schedule one (100 per cent. Nigerian) moving most schedule two businesses from 40 to 60 per cent. Nigerian ownership and creating a new schedule three with 40 per cent. Nigerian ownership or all those businesses left out of the other two schedules, so that all businesses in Nigeria must be at least 40 per cent. Nigerian-owned. The Government subsequently modified the panel's recommendations in a White Paper by moving some categories of business between schedules and toning down some of its other recommendations; it revised the lists again for the decree.

As in the first round of indigenisation few if any British or European-owned companies are affected by schedule one. But many are affected by the changes in the other two schedules. Most major companies in such businesses as large-scale manufacturing have, for the most part, been moved into the 60 per cent. category. Thus, such companies as Bata, the shoe manufacturers, and Dunlop will have to sell about a further 20 per cent. of their equity to Nigerians.

Sixty per cent. Nigerian ownership will now apply to the major trading companies, which include the Unilever subsidiary the United Africa Company, John Holt, subsidiary of Lonrho, Leventis, and the Danish-owned company, R. T. Briscoe. These companies play a major role in the distribution of goods throughout the country as well as in many other activities, and although some of their operations fall under Schedule One, a form of exemption has been devised for them. Provided that they operate in at least ten of Nigeria's 19 states and have a turnover of at least N25m. a year they need only go up to 60 per cent. Nigerian ownership, but they must sell the extra equity on the stock exchange by June 30 this year—instead of December 31 next year, as is the case of the rest of the companies affected by the decree.

One major difference between the decree and the White Paper is that the Government has decided to keep Nigerian ownership of the textile industry at 40 per cent. instead of increasing it to 60 per cent. But it has not, as had been hoped in some quarters, kept the construction industry at 40 per cent. Nigerian ownership.

Construction being a high risk business contractors may well wonder how the rewards for operating in Nigeria will now compare with the rewards for working in, for example, the Middle East. It is possible that they may ask the Government for a management fee payable overseas as a condition of undertaking contracts in Nigeria. The Nigerian authorities no doubt think that with construction effectively making up the bulk of expenditure under the development plan, this is too important a sector to be left with majority foreign ownership.

The Government has taken care in this decree to try to encourage a wider spread of share ownership than in the previous round of indigenisation. No enterprise is to be sold to a single individual, except where it is being taken over by a Nigerian owner manager, and no individual should have control of more than one company, which should give greater opportunities to businessmen in other parts of the country.

Equity

In the case of companies being sold on the Stock Exchange, no individual is to be allowed to hold more than 5 per cent. or N50,000 of the equity of a company, whichever is the greater, and there are provisions for selling up to 10 per cent. of the total equity of a company to its staff, half of it to non-managerial staff. The Government will try to make companies dispose of their extra equity through the stock exchanges wherever possible and the possibility of creating new stock exchanges in Kano, Kaduna, Enugu and Warri, in addition to the present exchanges in Lagos and Port Harcourt, has been mooted.

For expatriate companies the principal questions to be answered are how and at what price the extra equity will be disposed of, and what attitude should be taken to future investment in Nigeria. Nigerians are asking how much control of their economic destiny the new measures will in effect give them.

Whereas 25-odd new issues were launched on the Lagos Stock Exchange during the last indigenisation process, a total of 200 issues can reasonably be expected this time, and while the aggregate value of the shares issued last time was only about N30m., a figure many times the size can be expected this time, not just because of the number of issues but because many of the companies are much bigger than they were before.

There is now a great deal more cash in the Nigerian economy than there was in 1972-74 and much of it is in the hands of banks and other institutions such as pension funds which can be expected to take up considerably more equity than they could obtain in the previous round (they are not subject to the restrictions on size of holdings which apply to individuals.)

Whether or not the market will be able to absorb all the new stock in the time available depends on imponderables such as the liquidity in the Nigerian economy over the next two years. Informed observers mostly believe that the big trading companies, which have to comply with the decree by the end of June this year, should have little difficulty in floating the extra equity, especially as they are already quoted on the stock exchange. It may be more difficult for some of the remaining companies which have till the end of 1978 to comply and many are thought likely to wait for as long as possible to see how the market behaves.

The Capital Issues Commission will vet issue prices as well as the price at which equity is sold privately. It takes into account both assets and future earning potential. This procedure has been widely regarded as unfair to the vendors since, in the case for example of the trading companies, assets are not a substantial item in relation to turnover. Last time the resulting issue prices enabled many investors over the last three years not only to cover the cost of their investment in dividends but also to make capital gains of about 100 per cent. in the value of their shares.

But the profits which many Nigerians make out of property ownership and importing are usually at least as big as those made by shareholders; a possible disadvantage for Nigeria of the present round of indigenisation is that it may make it easier for more Nigerians to make quick profits simply by supplying replacement capital for indigenised companies when they should be investing capital in new industries, which is what Nigeria badly needs.

Justifiable

One reason why the Government considers a further round of indigenisation justifiable is that since the 1973-74 oil price rise almost every company operating in Nigeria has been able to make large profits in a rapidly expanding market. The fact that the market seems likely to stay lucrative for several more years means that companies appear to accept the decree with a fair degree of equanimity, reckoning that although their share of the cake will be smaller, the cake itself will be bigger. Some companies delayed going ahead with expansion projects because of uncertainty over indigenisation, though there are other factors which have caused uncertainty.

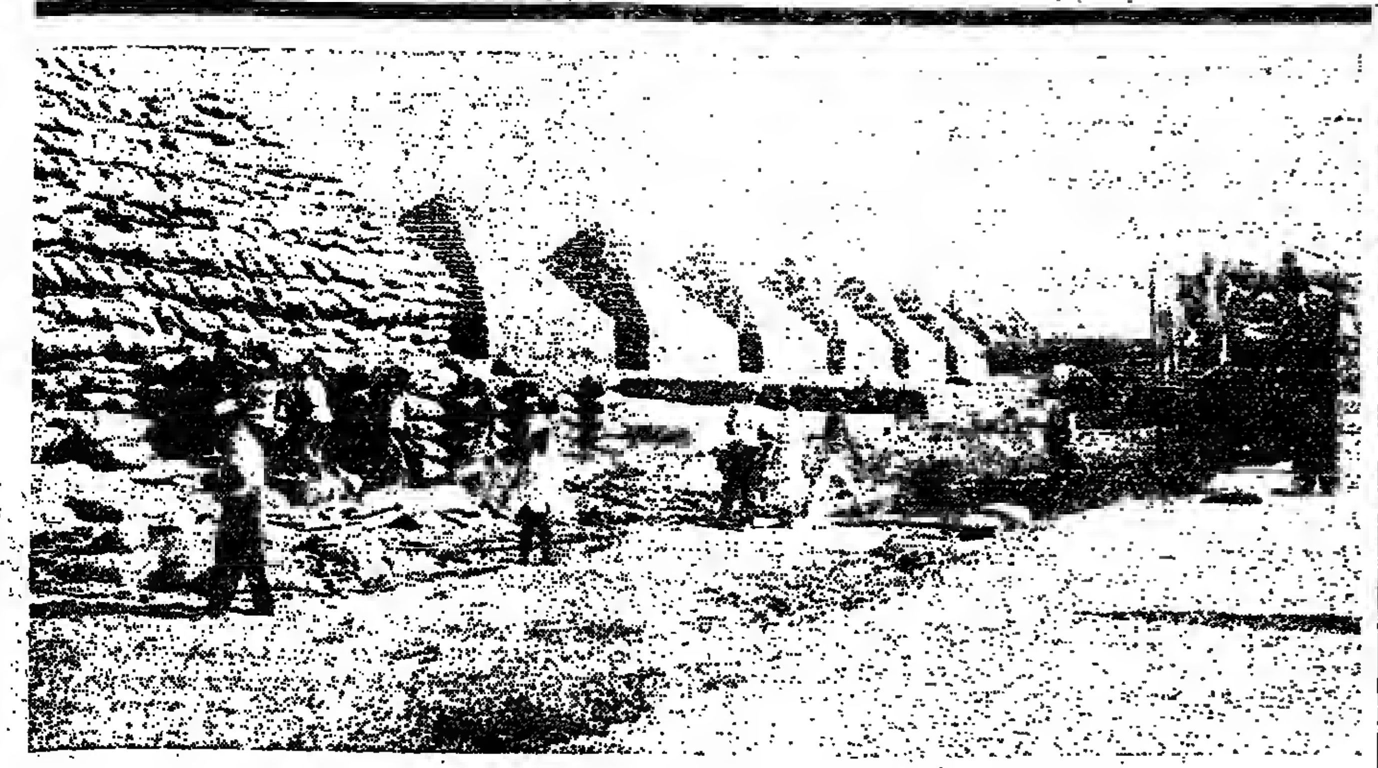
There are so far few indications that expansion projects are likely to be cancelled because of the new decree, while new companies are still moving into Nigeria. The automobile assembly plants, though going up to minimum 60 per cent. Nigerian ownership, are expanding; Guinness is building a new lager plant at Benin, while Leventis is going into brewing in partnership with a West African brewery. Cadbury Schweppes is expanding its food manufacturing facilities, and in textiles Nichemtex, a consortium in which the Netherlands concern Akzo has an interest, is building a N60m. vertically integrated synthetic fibre textiles complex, the first of its kind in Black Africa, financing it from all the different types of financial institutions, including the stock exchange, in Nigeria. But companies trust that in the next budget the Government will lift the 16.5 per cent. limitation on dividends imposed as an emergency measure last July.

The operation of expatriate quotas is a key factor in determining the outcome of the indigenisation process. But probably the chief fear lurking at the back of the minds of both expatriate and Nigerian managers is that the 1977 indigenisation decree is not the end of the process. Brigadier Shehu Yar'Adua, the Chief of Staff of the Armed Forces and the second most senior man in the Government, last summer gave an assurance that indigenisation was not "creeping nationalisation" (it is not, because the Nigerian public, not the Government, is taking over the shares) but added that minor adjustments would be made in the programme.

The decree gives the Government wide powers to change the schedules and their terms. The respected Nigerian Institute of Management last year expressed the fear that when the military government hands over to civilians as it has promised to do in 1979 there is no guarantee that a future civilian regime might not pursue further indigenisation "as a sop to the electorate."

It is significant that the Institute last summer urged caution on the Government, questioning whether there was adequate Nigerian manpower available to take over the responsibilities the indigenisation process involves and whether the process of transferring technology could be "rushed." But this approach is not reflected universally in Nigerian management. Some influential Nigerians believe that only when Nigerians "plunge in at the deep end" in the management of companies will they really acquire the knowledge to run their own economy — even if the knowledge is acquired at the expense of some short-term inefficiency. In other words, they believe, the transfer of technology *can* be rushed.

J.B.



Groundnut pyramids in the Government buying yards at Kano.

Traditionally an agricultural country, Nigeria has the potential for major development in this sector. But it has increasingly become the problem area of the economy with many workers being attracted to the cities.

Agriculture

:ERIA HAS traditionally ı an *agricultural* country. over the last few years culture haa increasingly be- e the problem sector of the ıomy. The reasons for this numerous but include war. ıght and the lure of the ·s.

ıme 70 *per* cent. of the ıtry's population live in the l areas, but the wage rates the cities are invariably er, thus attracting the ıger and more physically 'e members of society. How- . over 40 per cent. of the ur force in the age groups 5 is still on the land, but increasingly aged popula- and lack of modernisation resulted in a lowering of :ultural production, not in subsistence crops but in the vitally important ex- crops. Average output per ker bas dropped to below) per annum, which is less half the average pec capita ut of workers in all the r sectors of the economy bined.

igeria has the physical re- ces for major agricultural lopment. At present about ɔer cent. of the total land is under cultivation, but h of this land is not pro- ng to its optimum due to land tenure system, which lts in fragmentation of hold- and consequent difficulties nechanisation, and also be- se of the reliance on rain-fed culture even in the savannah ls of the north. It is mated that over 70 per cent. the country could be ivated, and because of the logical zones that comprise country—tropical rain est, deciduous rain forest, annah and desert—the widest sible range of crops could be tivated, both under natural fall and under irrigation.

'he Third National Develop- nt Plan published in 1975 ognised the opportunities ilable for agricultural de- opment, but was also aware the constraints that would be posed in any improvement of agricultural sector. It was isaged that N2.20bn. would spent during the Plan period, h nearly 75 per cent. of this n being spent on crops, 15 r cent. on livestock and the nainder on forestry and eries. This was an extremely ibitious programme, particu- ly since, until the publication the Plan, previous Nigerian ernments had paid compara- ely little attention to riculture.

trategy

The Development Plan is sentially a long-term strategy r agriculture, but a number its targets and projects are likely to come to fruition ithin the time scale envisaged. his is due to a shortage of pertise to undertake all the ojects, and also to the fact at insufficient information is available to plan and ecute the projects properly. Perhaps the most welcome evelopment in the planning d execution of major projects s been the establishment in 76 of nine river basin auth- ities, who are responsible for e integrated development of riculture within their areas. esembling, in some respects, e highly successful Tennessee alley Authority in the U.S., ese river basin authorities anscend State boundaries and in plan for the efficient use the river systems upon which igerian agricultural develop- ent is based. In the future, e development of irrigated riculture will be responsible ot only for bringing land under cultivation but will also lead to *improved productivity* on much existing agricultural land since, by irrigation, more than one crop per annum can be grown.

The first of these authorities was the Sokoto-Rima River Basin Development Authority, and this is the most advanced in *terms of project* develop- ment, with agri-businesses cur- rently being planned and imple- mented. The Hadejia-Jamare River Basin Development Auth- ority, too, is in the process of evaluating tenders for the con- *struction of the first stage* (45,000 acres) of the Kano River project, and has also commissioned feasibility studies for the further stages of this project. The other river basin development authorities, are being established along similar lines, and the numbers of British firms who are undertak- ing work for them is increasing. Some of the projects to be executed will be of the agri- business type with particular *crops being grown over* a large area and processed on site, while other projects, such as the Kano River project, are designed for individual farmers' *holdings*.

As well as setting the De- velopment Plan on its right course, 1976 was also the year in which agriculture was brought to the non-agricultural population. Probably the most telling single Government cam- paign was the launching of Operation Feed the Nation. The campaign was launched mainly to involve the non-farming population in growing vege- tables and other staple food- stuffs so that everyone could basically feed himself. In vaca- tions university students were committed to work in this cam- paign and the armed forces and the police were also involved.

Over N30m. worth of ferti- lisers was distributed for the campaign in 1976, and it is hoped that 1977 will see a consolidation of this pro- *gramme* so that by 1979 the country will be able to feed itself. This would seem to be a very feasible objective, since *considerable* emphasis is also being laid in the Development Plan on provision of facilities such as better seed production centres and extension services.

Through Operation Feed the Nation and through the estab- lishment of the River Basin Development Authorities the *Federal Government* has been able to avoid the dilemma that it has found itself in in the past, where because of its commit- ments to peasant farming it has been unable to develop success- ful commercial projects. There are an *increasing* number of private sector commercial pro- jects being carried out, and their establishment in the future should be eased by the River Basin Development Authorities. The latter *will* not only be in a position to estab- lish large irrigation schemes designed for sub-division into small plots for individual farmers but also to integrate *agri-business projects within* their overall framework.

Techniques

At the same time new tech- niques are becoming more widely disseminated through- out the country—in irrigation, for instance, a number of pro- jects are now using modern irrigation methods such as travelling irrigators and trickle systems. The oil palm and other plantations are being reno- vated, and even in the wet south irrigation is being used in the nurseries to ensure that the young trees are supplied with the *optimum* amount of moisture.

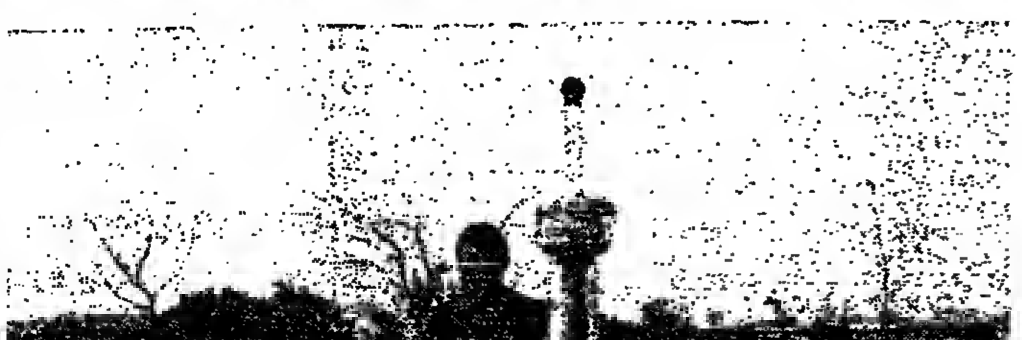
The 1976 budget was also noteworthy in that efforts were again made to stimulate the agricultural sector. Greater emphasis was to be placed on *agriculture in* the Development Plan and for the current year N401m. was to be devoted to agriculture. Agriculture also benefited from other Ministry budgets, notably from improve- ments in the infrastructure. Credit availability was en- couraged by introducing an agricultural credit guarantee scheme, with banks having to retain a certain proportion of their total lending for the agricultural sector. No ceilings on increases in commercial bank credit to the private sector for agriculture were imposed.

In a budget designed to attack inflation, agriculture was singled out for additional aid in *five* main *ways*. First there were to be distribution improve- ments to give farmers easy access to cheap fertiliser. A major problem in the past has been deterioration in soil fertility, resulting in a lower- ing of *yields*. Second, *attempts* are to be made to provide simple standardised farm imple- ments. Much of the mechanised equipment available in Nigeria is unsuited to the operation of small agricultural units and also tends *to suffer from* poor maintenance. A third element, therefore, is to improve imple- ment maintenance units. Fourth, there was to be an increased supply of pest control equipment and pesticides. *Finally*, but *not least*, more trained manpower was to be- come available through more training centres.

Imports of a number of agri- cultural products were also banned or were allowed only under licence again to act as a stimulus to production. *Among* items *listed were* fresh and chilled vegetables (with fresh vegetable production being stimulated by Operation Feed the Nation), live poultry (poultry units have been a popular investment in the pri- vate *sector)* and *potatoes*.

From the nadir into which agriculture had fallen *in* the early 1970s, a cogent develop- ment plan is now emerging that is firmly based on a proper appreciation of the resources available. A balance is being attempted between small farmer schemes and large com- mercial units including live- stock and poultry, which should provide the basis for an efficient agricultural sector in the *future*.

Dr. J. H. Stevens



Students being shown how to operate a tractor at an agricultural training centre.

Its sizeable oil revenues are vital to Nigeria on two counts—as the mainstay of its present economy and as the main source of funds for long-term development. The articles below describe how the tasks and problems are being tackled.

Oil

THE MEN who manage Nigeria's oil policy should within a short time take decisions crucial to the entire economy. That may seem platitudinous, for with oil providing about three-quarters of the Government's revenue and contributing all but about five per cent. of the country's export earnings almost every decision they take, however small, may seem crucial. But the shape of the Nigerian economy in the next decade will depend to a large extent on those decisions.

The issue is simple. Present revenues are sufficient for present spending needs and present absorptive capacity, but Nigeria will need considerably greater oil revenues in the early part of the 1980s to finance economic development which should then be on full stream. Present oil production is not far short of installed capacity, and production cannot be maintained at its present rate for more than about four years. New exploration and development is badly needed to bring new fields into production in the early 1980s.

But as in most developing countries the Government faces a dilemma: how does it make exploration and development by the oil companies sufficiently attractive when its long-term aim is to foster an indigenous oil industry which must eventually take over from them altogether? The oil is there: estimates of reserves range between about 20bn. barrels (which would last nearly 30 years at present production levels) and 50bn. barrels allowing for fields as yet unassessed and for projected new discoveries. The Government takes a cautious line on possible reserves.

Nigeria's main strengths as an oil producer are the light specific gravity and low sulphur content of much of its crude and its relative closeness to the U.S. and European markets, which has an important effect on transport costs. Immediately after the civil war ended in January 1970 Nigerian oil production rose steeply, from 60,000 b/d in that month to 1.92m. b/d in June 1972. Thereafter the rise in output slowed down but reached a peak of 2.3m. b/d in June 1974. Then came a sharp fall in production, with daily output reaching about 1.5m. b/d in May 1975 (the lowest level for four years).

This was principally because the world recession reduced the importance of Nigerian crude's low sulphur content, while the collapse of the world tanker market took away much of the freight advantage. At the same time the Government was anxious to introduce a measure of conservation into its oil production policy.

Average output in 1975 was 1.78m. b/d, with production climbing in the latter half of the year and 1976 saw a steady rise in output. The average daily production during the first 11 months of 1976 was 2.06m. barrels.

Throughout this period the Nigerian authorities have shown, in the words of an admiring oil company executive, "remarkable commercial acumen"—at least over short-term issues—in their handling of the oil industry, which has enabled them to increase their "take" per barrel from $1.8 in January 1972 to $11.68 in January 1976, while it should now be substantially higher following the latest OPEC price increases. Naturally a large part of this increase was due to the 1973-74 sharp escalation in OPEC posted prices following the Yom Kippur War, but it was also caused by other factors.

Stakes

First, Nigeria anticipated some of its fellow OPEC members in taking stakes in the main oil-producing companies through the Nigerian National Oil Company (NNOC) which was formed in 1973. Majority holdings in Elf and Agip/Phillips were established not long after the war. Shell/BP, which produces about 60 per cent. of Nigeria's crude, gave up a 35 per cent. stake to NNOC in April 1973 and Mobil and Gulf soon followed suit. These stakes were increased to 55 per cent. the following year, despite a clause in the agreement which gave the Government the option to take majority participation only after 1980. It now has the option to take majority holdings in the other operators, Texaco and Pan Ocean, which are not yet producing on a large scale.

The Nigerian authorities have also shown considerable nimbleness in their pricing and taxation policies. Although export prices declined between July 1974 and the end of the following year because of slack demand, Nigeria was able to increase its revenue per barrel on the companies' equity crude over this period by bringing its tax and royalty rates up to the 85 and 20 per cent. levels agreed by OPEC members. Because of this the Government's average revenue per barrel from both equity and participation crude fell only marginally, despite the drop in its return on participation crude.

The pressure on the producing companies which this represented suddenly reached (from their point of view) critical proportions in January 1976 when the Nigerians increased the tax reference price (or posted price) of crude without increasing the export or buyback price by a corresponding amount. This meant that the companies had to pay more tax and royalty without seeing the full amount of the increase reflected in the export price. On equity crude the average margin was cut to about 30 cents from about 70 cents per barrel.

Though the Ministry of Petroleum Resources claims that this produced no "acrimony" between itself and the oil companies, the move came as a "terrible shock" to them, as one company executive put it. The profit margin was in effect being cut to a level similar to those common in the Middle East, where operating conditions are almost invariably considerably easier.

When Nigeria again lifted its prices in July 1976, after some prolonged negotiations, the margin was restored to about 70 cents on equity crude (the margin is naturally less on heavier crudes). The following October, when Nigeria again pushed up its export price to take full advantage of the rise in oil demand ahead of the Qatar OPEC meeting due in December it shortly afterwards raised the tax reference price in order, in the words of Petroleum Intelligence Weekly, "to skim off the additional profit the companies might have reaped on their equity oil" following the export price increase.

At the OPEC meeting in Qatar Nigeria was one of the 11 members which decided to raise the price of the representative 34 degree API crude by 10 per cent. Because it had in effect jumped the gun by its increases in October the Nigerian market price rose by 8 per cent. against the October price but by 10 per cent. on the July 1 price. On January 3 this year Nigeria announced that 34 degree crude would cost $14.22 per barrel.

By means of its pricing and fiscal policies Nigeria is exercising a substantial measure of control over the oil companies: indeed it has put so much pressure on them that in the past year and a half exploration and development in any but low risk areas has virtually stopped (at the last count there were 11 drilling rigs operating in Nigeria as against a peak of 28 in April, 1975).

Production costs are thought to vary between about 80c per barrel for the longer established producers to well over a dollar on newer operations. The oil companies do not consider a margin of about 70 cents per barrel on equity oil sufficient incentive to undertake high risk exploration and the subsequent development costs of bringing new reservoirs into production, especially as many of the untapped reserves lie offshore.

The drop in oil production, which reached its nadir in mid-1975, made the government fully aware of the problem, though it was uncertain how to tackle it. Last October the Head of State, Lieut.-Gen. Olusegun Obasanjo, promised adequate incentives for exploration and stressed the regime's desire for good relations with the oil companies. Relations between the two sides are said to be reasonably good and an agreement on a new incentive formula is probably not far off.

Probably the most likely outcome of the negotiations would be an agreement on accelerated depreciation allowances on capital investment which would in effect improve the companies' margins by lessening their tax liability. The companies would then have the incentive to assist the Government in increasing Nigeria's production to about 3m. b/d in the next five or six years. The present installed capacity is about 2.3m. b/d.

There are many reasons why the Government has been slow to reach a decision on this crucial issue.

There has inevitably been reluctance to recognise the fact that with the present acute shortage of trained and qualified Nigerian personnel in the oil administration dependence on the oil companies will remain for many years to come.

Shortage

The shortage of qualified Nigerian personnel gives the Government less confidence in assessing the data the companies give it under the participation agreements and in formulating policies accordingly, while in the present political climate no civil servant wants to take a decision that may be shown to have been wrong.

The Ministry of Petroleum and the NNOC are due to be merged into one body, to be known as the Nigerian National Petroleum Company (NNPC), whose chairman will sit in the federal Cabinet. This move, which is expected to take place after the next federal budget is announced in April this year, should not only husband manpower resources but prevent the duplication and conflict which have characterised part of the inner workings of the Nigerian oil administration in the past.

So Nigeria's oil development policy is advancing on two fronts. The broader front is made up of the oil companies, but on the narrower front the NNOC is fast gaining in experience. After exploring in a production sharing agreement with Ashland, the U.S. independent, it last year began drilling operations without foreign management participation (though using contract drilling crews, like other oil companies) and in August discovered oil in the first well in its concession 15km. off the Opobo coast in Cross River State. The Government was anxious to stress, however, that it would take considerably more drilling to establish if the find was commercially viable.

More striking are NNOC's marketing operations. Since the beginning of 1975 NNOC has been entitled to market all of the country's State crude. Of its share it is selling about half to third parties almost exclusively to the large U.S. independents, though some is sold to Nigeria's African neighbours including Togo and Ivory Coast, not, it would appear, at a discount, since this would conflict with OPEC policies. Since last July NNOC eliminated the 5 cent advantage it allowed the oil companies on their "buyback" oil and sells all oil at a uniform export price.

The biggest single buyer of Nigerian crude is the U.S., taking about a third. Next comes Holland, taking about a fifth, then Britain, whose purchases from Nigeria are falling as North Sea oil comes on stream, and then France. The U.S. market is extremely important to Nigeria: U.S. oil refineries are the most "gasoline heavy" in the world and while meeting much of their demand from local light crudes need to import an increasing quantity from abroad. Because the local crudes are relatively cheap, the oil companies can afford to pay higher prices for marginal volumes of Nigerian crude. Nigeria's recent success in commanding prices above those of some of its OPEC partners owes much to this factor, and as the U.S. imports increasing proportions of its oil needs its share of Nigeria's total sales can be expected to continue.

J.

Gas

EVER SINCE Nigeria began to produce significant quantities of petroleum in the mid-1960s, there has been a succession of proposals to increase the country's oil revenues by exporting refined products, marketing the plentiful natural gas which is still being flared, building plastics and fertiliser factories, and so on. For nearly a decade none of these schemes got beyond the planning stage, apart from the small refinery at Port Harcourt built to cover domestic needs. The oil companies were not especially interested in undertaking further heavy investment on top of the already high cost of extracting oil in Nigeria, while the Government lacked money.

But oil revenues grew and when the third development plan was announced in 1975, the Gowon regime put forward grandiose plans to build four new refineries, and construct petrochemical plants and natural gas liquefaction plants. Following the change of Government in mid-1975 there was a prolonged silence while the new leaders grappled with the disorder reigning in Government over Nigeria's oil operations. During this period petrol shortages in various parts of the country, which had occurred more than once before, became embarrassingly acute. The world's seventh largest oil producer was importing refined products, but transport and storage problems were hampering their efficient distribution. At last, in October, 1975, a contract was signed with Snam Progetti, a subsidiary of the Italian State oil company ENI, to start work on a second refinery at Warri.

Scheme

Final proof that the new Government had not been neglecting its oil problems came in October, 1976, when the Commissioner for Petroleum Resources, Colonel Buhari, unveiled a comprehensive scheme to sort out the tangle. Completion of the Warri refinery and building of a third refinery in Kaduna, combined with a comprehensive pipeline and storage network, will cover domestic needs for the foreseeable future, while two export-orientated LNG projects are at advanced discussion stage. To make up the shortfall in refined products until the Warri refinery comes on stream in April, 1978, an agreement was signed with Shell Curaçao to refine Nigerian crude specifically for the Nigerian market.

Long-discussed plans to expand the Shell/BP-operated refinery in Port Harcourt from its maximum capacity of 60,000 b/d to the 80,000 b/d which Nigeria now consumes seem to have been abandoned. Although the Government has a 60 per cent. stake in the refinery the Permanent Secretary at the Ministry of Petroleum Resources, Mr. Awoniyi, told the Financial Times earlier this year that it prefers to concentrate efforts on the Warri and Kaduna refineries, which will be 100 per cent. Government-owned. The Warri refinery will have capacity to process 100,000 barrels of crude a day, and will also have a unit capable of producing 300 tons of LPG a day. Work on storage tanks, roads, jetties, and the refinery's power plant is already well advanced. The third refinery, to be built in Kaduna, is now out to tender. Its planned capacity is 100,000 b/d of crude, and it will also produce 250,000 tonnes of lubricating oils a year plus asphalt and bitumen. It is scheduled to start production in 1979 or early 1980.

The first section of the pipeline network, linking Warri with Kaduna, should be ready by May, 1978. Initially, it will carry refined products from Warri for distribution in the North. Later, when the Kaduna refinery is operating, it will be used to transport crude oil to Kaduna to be refined for the northern market. Design and construction of this pipeline, and the northern distribution network linking Kaduna with Zaria and Kano in one direction and Jos, Bauchi, Gombe and Maiduguri in another, has been awarded to the Italian State-owned company Montubi Montaggi Material Tobolari at a total cost of N66.7m. To carry refined products from the Warri refinery to the west of the country, pipelines linking

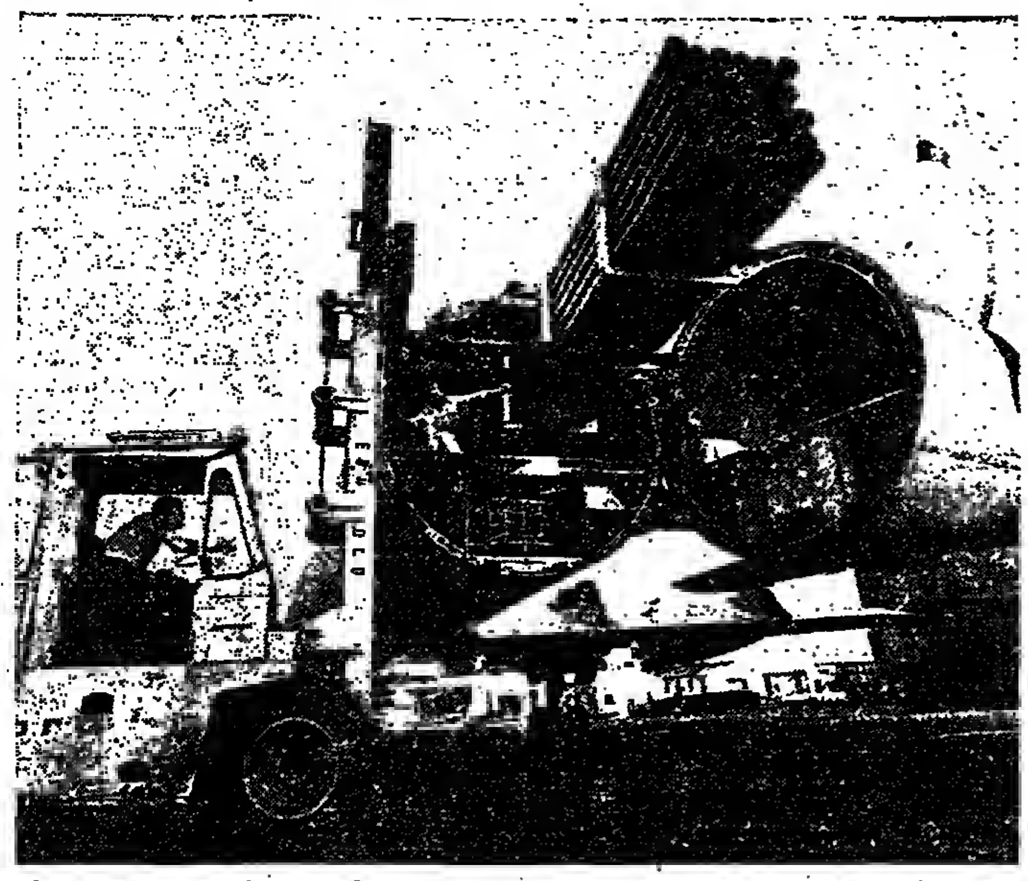
CONTINUED ON NEXT PAGE

A heavy import bill, particularly of machinery and capital goods to supply the country's economic development programme has sharply reduced Nigeria's trade surplus. Though petroleum exports increased last year, Nigeria is almost certain to run a trade deficit within a relatively short time.

External trade

THOUGH PETROLEUM ›orts, which earn over 90 : cent. of Nigeria's foreign hange, declined by just over per cent. in 1975 in compari- with the previous year, ›orts more than doubled to total trade 14.7 per cent. ›ve the 1974 level at N8.6bn. external trade balance, ich at one time was feared be in deficit for the first time ce the end of the civil war, led the year in surplus to the e of 1.3bn. Though un- iably healthy, this repre- ts a sharp decline on the 4 surplus of N4bn. It seems bable that the surplus for 6 will be smaller still. Provi- al figures for the first half the year show that total trade wth accelerated again with a 2 per cent. increase over the t half of 1975, but with ›orts continuing to outpace ›orts; the trade surplus of i under N723m. represents light decline on the N738m. orded in the first half of 1975 period in which oil exports re particularly weak.

Although final figures for 6 will show a recovery in valoe of oil exports after decline of the recession year 5 (nearly N740m. down on previous year), Nigeria's ex- ts will not rise very much ›ve 100m. tonnes (96.4m. nes in the peak year 1974) il new productivity capacity irought onstream. This does preclude further rises in enne from the export of rocarbons, but these will tally result from price s, and only later from iral gas exports and the ex- of refined petroleum; thus rate of increase of these nues will be slower than he immediate past. On the r hand imports of mach- y and capital goods for the itious Third Development , not least for the projected refineries, gas liquefaction t, LNG tankers and petro- nicals industry, will con- e to be heavy for the next ade. It will not be surprising e overall trade balance soon into deficit.



Construction equipment flown in by IML Airchartering for use at the new Maiduguri Airport.

›clined

geria's traditional non-oil rts — cocoa, palm produce, er and tin plus a certain unt of semi-processed and essed agricultural produce have declined in quantity e the peak year of 1971. mdnuts are no longer rted at all and vegetable exports have dropped ply. In both cases these modities are being deliber- retained for the expand- domestic market; in 1975 value of imports of food, rages and tobacco, and nal and vegetable oils and approached that of all non- xports, and imports of these gories were mneh higber in first half of 1976 than in the balf of 1975. If the value non-oil exports haa levelled rather than declined the last four years, is because of continuing eases notably in the prices ocoa and tin.

imports totalling just over N3.7bn. in 1975, nearly 70 per cent. represented capital goods and raw materials. Consumer durables accounted for just over 9 per cent. of imports and non-durable consumer goods for 21 per cent. The biggest single item was machinery and transport equipment (N1.56bn.) followed by manufactured goods (N1bn.) and chemicals (N332m.). The value of all major import groups increased greatly in 1974 and again in 1975; imports of machinery and transport equipment, for example, showed an increase of 155.3 per cent. between 1974 and 1975. Further marked increases can be expected for 1976, but although Nigerla's appetite for manufactured goods seems limitless its resources are not, nor is its capacity to absorb capital goods usefully. Some levelling-off in the value of imports can therefore be expected over the next five years.

Just under half of Nigerla's oil went to Western Europe in 1975, mainly to Britain, Netherlands and France in that order, with West Germany some way behind. Europe's share of tha oil had declined from 52 per cent. in 1973. Over the same period, the proportion of oil exports going to the U.S. increased from 26.9 per cent. to 28.4 per cent., with Latin America's share growing from just over 13 to 15.8 per cent. Europe received over 59 per cent. of non-oil exports in 1975 with the lion's share (25.7 per cent.) going to Britain. The equivalent figures for 1973 are 69.7 per cent. and 30.6 per cent. respectively. Most of the decline can be attributed to the increasing share taken by Eastern Europe, mainly the Soviet Union, which takes no Nigerian oil. The share bought by North and South America remained static at 10-12 per cent. over the same period.

Western Enrope remained in the forefront of Nigeria's suppliers, providing nearly 70 per cent. of its non-oil imports in 1975. Over 24 per cent. of imports came from Britain, followed by West Germany (14 per cent.) and France (9.7 per cent.). The U.S. supplies about 10-12 per cent. of imports and Japan around 9 per cent. Eastern Europe supplied 2.3 per cent of imports.

Pattern

Nigeria must sell its oil in the ready markets of Europe and North America and get its machinery and capital goods where it can—mostly from *Europe and North America.* There is no immediate prospect of dramatic change to the existing trading pattern. But some long-term trends can be discerned in the figures. Details of trade with Britain from January to November, 1976, published by the Department of Trade at the beginning of this year, indicate that the trade gap widened in Britain's favour during 1976, with imports totalling £696m. against exports to Britain over the 11-month period of only £298m. The biggest export item was oil (£198m.) and the biggest single import item was electric and non-electric machinery (£216m.), followed by traosport equipment, other manufactured goods, pharmaceutical products and iron and steel. The main reason for the increasing trade gap is the decline in British oil imports as production of roughly comparable North Sea crude gets under way. Long babit helps to keep Nigerian importers loyal to British firms, whose prices are competitive and whose quality is highly regarded. But recent problems with delivery dates and supply of spare parts, and the growth of barter trade agreements (like the one discussed last year with Brazil to exchange petroleum for food) may encourage Nigeria to narrow the trade gap by looking elsewhere for its manufactured goods.

British exporters are not just facing strong competition from other West European countries. There is considerable expansion potential in Nigeria's trade with East Europe, which also produces industrial goods at competitive prices. When the natural gas project comes on stream, imports from the U.S. may well rise to keep pace with increased American purchases of hydrocarbons. It is Nigerian Government policy to encourage technical co-operation with advanced developing countries, which should increase trade with, for example, Brazil, Algeria and India. As Nigeria's manufacturing industry grows, the operations of multinational companies will increasingly affect trading patterns; about 75 per cent. of the imported components supplied to the Volkswagen assembly plant in Lagos comes from VW Brazil.

Finally, there is the question of trada with other African countries, still negligible in comparison with trade with Europe and America. In 1975 Nigeria's imports from African countries were worth N33.6m. and its exports to African countries worth N109.6m. Africa took 2 per cent. of oil exports and 4.6 per cent. of non-oil exports, and supplied under 1 per cent. of imports. The bulk of this trade including alt oil exports was with West African countries. In theory, Nigeria's leaders are anxious to contribute to the rapid development of the whole West African region, as their tireless promotion of the Economic Community of West African States shows. Some preliminary rationalisation of Customs regulations between some of the member-States, relaxing restrictions on the movement of people, was achieved as long ago as 1973. Following the agreement establisbing ECOWAS, signed by 15 countries in May, 1975, all trade restrictions between member-States should be eliminated by 1990.

It remains to be seen whether established trading interests, francophone fears of Nigerian domination and differences between the size, wealth, political systems and stage of development of the member-countries will allow smooth implementation of the agreement. But even a partially successful community will have a considerable effect on regional trade.

In any case, Nigerian joint ventures with neighbouring countries in tha fields of transport, electricity supply, sugar and cement manufacture and oil refining are already under construction. West African countries will supply raw materials (for example metal ores) to Nigeria's nascent industries and will provide the nearest markets for the exports they are expected to produce. If ECOWAS is successful in accelerating the economic growth of the entire region, it will generate a larger, easier market for traditional exporters to the member states, for those of them whose products are still needed.

J.H.

Gas

CONTINUED FROM PREVIOUS PAGE

ri to Benin, Ore and Ikorodu Ikorodu to a Lagos com- and to Ibadan and Ilorin been commissioned with Soviet concern Tsvetme- export at a total cost of 74m. A fourth pipeline ng the Port Harcourt ery with Aba, Enugu and ırdi has been commissioned the American Williams national Group at a cost of 72m. Pipes for the entire nal pipeline network 0km overall) have been ed from the Japanese com- Mitsui at a cost of N20.4m. l these projects are under or commissioned. At a tly earlier stage of realisa- are two LNG projects to be ted at Bonny and Peter- The more advanced of the is the Bonny site, the sub- of a shareholders' agree- between the Government, and BP which was signed October. The Nigerian rnment, through the soon- be - established Nigerian nal Petroleum Corpora- will have a 60 per cent. ng in the company and the oil companiea 20 per cent. Gas gatbering will be the C's responsibility, and pro- ng and marketing will be d by tho partners in the 20-20-60 proportiona aa equity. Total cost of the faction plant with a capa- of 1,000m. cubic feet daily, gas production pipelines and tanker capacity (perhaps seven or eight ships) is estimated at over $US2bn.

The Government accepts that foreign borrowing will be necessary to finance the project and that before going ahead a long-term customer must be found. Such projects require the signing of a 15-20-year contract for the supply of gas, backed up by a pricing contract with escalation clauses.

The Bonny project has been worked out with the U.S. public utilities market in mind. A great deal depends on the new Carter Government's formulation of a domestic energy policy and also on its attitude to Africa.

Determined

The formulation of watertight contracts is extremely complex and involves a number of parties: both governments, the oil companies, transport interests (Nigeria is thought to want at least 50 per cent. of the shipping operation), the public utilities who are tha ultimate customer, and in the case of the U.S. the Federal Power Commission, which haa to approve all such contracts. Algeria bas experienced long delays and renegotiation of contracts in its LNG dealings with the U.S.

Nevertheless Nigerian officials are determined to push the project through, hoping perhaps to make up for lost time (and to save hundreds of billions of cubic feet of natural gas presently wasted). Petroleum Ministry experts are bolding discussions on shipping, finance and construction of the plant. Talks bave also been held with U.S. public utilities, aod the Nigerians claim that there are more potential customers than the Bonny plant could possibly supply.

A letter of intent has been signed by the Government, Elf, Agip aod Phillips in relation to the Peterside project; similar in size and cost to the Sbell/BP project but designed to supply the European market. Again, the drive to realise the project is coming from the Nigerian side, with a certain diffidence and caution discernible in the technical partners.

Nigeria's first crude carrier, the M.V. Oloibiri, was delivered by her Yugoslav builders in October 1976. The Oloibiri is of 270,000 tonnes displacement and cost N27m. Her crew is Nigerian and her officers supplied by the British Cunard Steamship Company which will train Nigerians to take over at a later stage.

John Howe

Ports

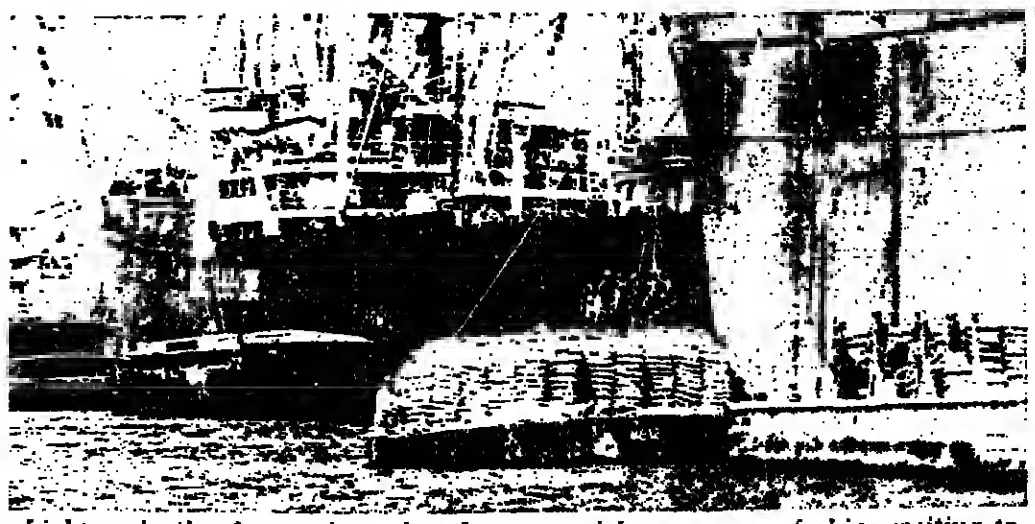
The Nigerian Ports Authority scored a remarkable success in completely clearing the congestion caused by the over-ordering of cement in 1975. But port facilities are still inadequate for the volume of imports, and congestion is beginning to build up again.

ONE OF NIGERIA'S most impressive achievements since the oil boom has been the way it has tackled congestion in the ports. That may seem a strange statement since the racket which brought more than 400 cement ships to Lagos in 1975 is one of the least creditable episodes in the country's post-independence history. Yet not only was the number of ships waiting to enter Lagos reduced from nearly 500 to well under 100 in less than a year, but the port is now handling about half a million tons of cargo a month—several times the throughput for which it was designed.

Sad to relate, the number of ships waiting to enter Lagos appears to be on the increase again, and may well continue rising until new berths are completed towards the end of the year. But that is a symptom of the underlying problem—the fact that Nigeria can afford to import much more than it has the capacity to handle—and does not alter the fact that the port is generally well-run.

There are now about 90 ships waiting to enter Lagos, about the same number as there was in the spring of 1975 before the cement armada—caused by overordering in a way which a Government commission later showed to be systematically dishonest—got under way. But unlike the spring of 1975, the new port fairly hums with activity. Unloading at the 12 main berths goes on day and night, while, at literally dozens of buoys, ships are unloaded into lighters which cross the lagoons to lighter terminals at Kirikiri and Ikorodu. Adding in berths at smaller quays, there are now more than 80 discharging points in Lagos harbour.

The build-up of cement ships confronted the new Government when it came to power in July, 1975. Although 20m. tons of cement was ordered—the requirement for the next five years was ordered in one year—the Government managed to cancel many of the contracts (though not without incurring lawsuits abroad). The remainder—about 4m. tons—had to be unloaded through the Nigerian ports, principally Lagos. This stimulated the Nigerian Ports Authority into making use of every possible facility for unloading aod to invest in new equipment, and the momentum has been kept up as the cemeot ships have been replaced by an increasing number of ships bringing in more imports for the developing Nigerian economy.



Lighters in the Apapa channel at Lagos servicing a queue of ships waiting to offload.

Several other factors have helped. The shipping conference lines, which co-ordinate shipping from the U.K. (UKWAL), Northern Europe (COWAC), the Far East and the U.S., effectively took over the management of the eight berths reserved for them, and arranged a timetable of voyages designed to give maximum utilisation of berths and minimum queueing by conference ships. The majority of imports from the industrialised countries come in general cargo ships to the reserved berths.

Last year roll-on roll-off shipping into Lagos finally overcame the teething troubles caused by the novelty of the idea to the Nigerian customs and local vested interests, and two British concerns, B.F.I. and Wacro Lines, now operate two sailings a month each, while ro-ro ships also come to Lagos from the U.S., Italy and other countries. Their advantage is that about 4,000 tons of cargo can usually be unloaded in less than 48 hours, less than half the time taken to unload a general cargo ship of the same capacity. Ro-ro is suitable for high value cargoes and about three-quarters of the freight consists of vehicles and plant for the construction industry.

Container handling has been subcontracted by the Nigerian Ports Authority to the Container Terminal Company which takes the containers from ships to an inland container park.

To a large extent the port operations are hampered by the onshore facilities for clearing cargo and the shortage of transport which is one of Nigeria's serious problems. Now the backlog of ships is building up because of renewed cement ordering (its importation was banned after the crisis) and increased fertiliser ordering to supply Operation Feed the Nation. The NPA lost the use of the customs quay in Lagos to road construction. Non-conference general cargo ships are building up, some of which, the NPA says, did not comply with the regulations requiring ships to have clearance from the authority before setting sail for Nigeria.

Port congestion is a political issue in Nigeria and the NPA is doubtless under pressure to clear the backlog. It has asked the conference lines to co-operate by cutting back their use of the reserved berths to accommodate non-conference traffic. The conference lines are arguing that to do this would mean cutting back the import of strategic cargoes needed for Nigerian industry, as well as for consumers, and that the net result of the change would be to slow down the total import of goods into Nigeria. Even though their berths are not always occupied by ships 24 hours a day no extra ships could be accommodated, the conferences claim, because cleaning the quayside sheds can take longer than unloading ships.

Average

With the greater part of Nigeria's industry and commerce concentrated on the Lagos area, and road transport highly expensive, ships are often prepared to wait to enter Lagos (non-conference ships wait an average of 240 days) rather than use Nigeria's other ports, which have much shorter waiting times. That is why the authorities are pressing forward new port developments in the Lagos area.

Julius Berger, the West German engineering and construction company, is building a ten-berth complex at Tin Can Island near Apapa which should be completed in the record time of 15 months. It is running to schedule and is due to be handed over in November. It is also extending the wharf at Apapa and the first of six berths should be ready this year with the rest complete by the end of next year.

The Apapa extension project is taking longer partly because the construction involves using concrete rather than sheet piling which is prone to corrosion as at Tin Can Island which is planned to be a stop-gap project. When the 16 new berths come on stream the pressure will be taken off the existing 12 deep-water berths which can then be modernised. A complete new ocean terminal with up to 30 berths is ultimately to be built on Sea School Island, also near Apapa.

Expanded

As outlined in the Third National Development Plan, facilities at Nigeria's other ports are being expanded. Four berths are being built at Calabar, the plans are ready for six new berths at Warri and the contract for four to six new berths at Port Harcourt is soon to go out to tender. There is also the possibility of developing six new berths at Koko. These plans suggest that early in the next decade Nigeria should be well off for port capacity.

Exporters shipping high-value, low-bulk cargo to Nigeria took to airfreight in a sudden rush at the end of 1974 and initially caused a replica of the ports congestion at the airports, with flights delayed and cargo piling up on the tarmac at Ikeja airport under blazing sun or in tropical rains. Now, however, airfreight operations into Nigeria are relatively problem-free, and one charter operator described Ikeja airport as one of the most efficient cargo-handlers in the world, taking into account the quantity of cargo passing through and the facilities available. About 2,000 tons of cargo goes in from the U.K. each month, making up about two-thirds of the total handled, and there are often ten cargo aircraft on the ground at Ikeja each day.

The airfreight operation into Nigeria is now relatively smooth because the Nigerian authorities enforce a rigid customs pre-clearance syste[m]. Goods must be cleared wi[th] customs before arrival, so th[at] they leave the airport at on[ce] and this necessitates t[he] shipper getting the freig[ht] documents to the cleari[ng] agents in Nigeria a week [or] ten days before the fligh[t]. Goods which have not been pr[e-]cleared are not carried, a[nd] the Nigerians have sent [an] entire aircraft unload[ed] because their contents we[re] not pre-cleared. Becaus[e of] these complications such U.[K.] concerns as IML Aircharter, Hill and Delamaine and P[...] alpina charter aircraft fr[om] the carriers, of which the m[ain] ones are IAS, Tradewin[ds], Transmeridian and Brit[ish] Caledonian. BCal also opera[tes] two scheduled IATA frei[ght] services to Nigeria a week.

Since last August an effect[ive] means of transporting frei[ght] across the Sahara Desert [to] northern Nigeria has b[een] established. Earlier attem[pts] at operating this route fo[un]dered not so much in the sa[nd] of the desert as on the de[ter]mination of Algeria to m[ain]tain its grip on the busin[ess]. A British company, Seevar, [has] gone into partnership with [the] Algerian Société Natio[nale de] Transports Routiers (SN[TR]) and trailers are taken from [the] U.K. or Continent to Marsei[lles] and thence by ferry to Alg[iers] where the goods are loaded [into] special desert trucks which [pro]ceed in convoy to Kano, tak[ing] between eight and ten days [for] the desert crossing.

A convoy consisting of [an] average of eleven 20[-ton] trailers sets out each week; the total journey time f[rom] the U.K. to Kano, where [the] goods clear customs, is pu[t at] between 15 and 18 days. [It], it is claimed, is compet[itive] with airfreight partly bec[ause] it can handle bulky high-[value] items unsuitable for airf[reight].

Thanks largely to its oil wealth, Nigeria can afford its major education programme. However, while at least a billion naira will be spent on education this year, questions are being raised about future employment prospects for school-leavers.

Education

THE PRESENT expansion of Nigeria's educational system is a case of heavy government expenditures in social services contributing to general economic growth across a nation deficient in modern infrastructure. Activities such as construction, publishing, communications and local government all stand to gain from the billions of naira scheduled to be spent on education by Federal and State Governments in the coming year.

But there remains a considerable area of doubt over the total effectiveness of this massive Government spending. Nigerians are debating the cultural, social, economic and political effects of an often uncontrollable capital outlay on education. Nevertheless, the great spree is now well under way and few question the need for educational expansion in itself.

The figures are impressive: in the present financial year recurrent expenditure on education is estimated to have tripled since 1975-76 to a total of N739m. Indeed education is the second largest budget item after defence. Moreover the original 1975-80 Development Plan earmarked N2.5bn. for education in its capital programme. Subsequent estimates have put the recurrent and capital spending on primary education alone at around N600m. a year.

By 1987 Nigeria's educational system will require around 1m. teachers for 32m. pupils in all schools—a tremendous expansion over 1975 when less than 200,000 teachers were employed for 5m. pupils.

The great leap forward came at the beginning of this academic year, in September 1976, when General Obasanjo officially launched the Universal Primary Education (UPE) scheme with the announcement that 8m. pupils were now attending primary schools. He described the scheme as the "dawn of a new era in the history of education in Africa, making education a right rather than a privilege."

Clearly Nigeria's earnings from oil put it in a different league from most other African States. Similarly densely populated countries like Ethiopia will probably have to wait well into the 21st century before reaching Nigeria's present stage of educational growth. But the UPE ideal cannot be fulfilled overnight. There are 163,000 teachers still to train by 1980 and 74 new training colleges to build. Even with the expansion of teacher training programmes there will be teacher shortages. So Nigeria remains dependent on expatriates.

Although officially launched already, primary education cannot be made compulsory until 1980. To build 150,000 new primary classrooms constitutes a considerable challenge, especially in the north of the country where poor communications and shortages of building materials have even hampered far more profitable projects. And it is in the north that the new schools are most needed.

Imbalance

The education imbalance between north and south is due to two historical factors: the closer contact between the coastal, southern peoples and European missionary penetration, giving a natural bias to the south in Western terms; and the strong Islamic tradition in the north, where education has for centuries been by rote and reserved exclusively for boys.

The northerners' cultural and religious resistance to Western-style education is still strong. In Sokoto State the Koranic Mallams have had to be coaxed to support the UPE scheme, by being allowed to continue teaching Arabic and Islamic studies within the new system. Sokoto has also agreed to the use of the Hausa language for the first three years of primary schooling.

The debate between modernity and tradition in the new Nigeria was recently taken up by the Sultan of Sokoto in an address to educationalists in the south. As spiritual leader of Nigerian Muslims his words carry great weight, and alth[ough] he was clearly prepared [to] accept the tremendous ben[efits] of increased schooling [to] the nation he warned ag[ainst] modern man's "pursuit [of] increasing material wel[fare] above every other purpose." [He] also deplored the loss of the traditions, which cen[tre] around "an acceptance [of] limits, and hence discipl[ine], tolerance and self-control."

Such comments do not c[arry] much weight in the south; [but] they reflect a general resistance to UPE in [the] northern states. Parents h[ave] been found to prefer to s[end] their children to Kor[anic] schools for fear that Wes[tern] influence will demolish [the] moral tenets of Islam. Sch[ool-]age children have b[een] reported to have contin[ued] doing farmwork or even [beg]ging on the streets, often [at] their parents' instigation. [The] traditional economic struc[ture] commonly depends on ch[ild]ren's supplementary efforts [and] earnings, whether herd[ing] flocks or hawking merchand[ise].

The spread of UPE has yet been fairly spora[dic]. Gongola State (part of [the] former North-Eastern St[ate]) has probably been the m[ost] neglected area of the coun[try]. Relatively small amounts [of] money have been spent, [and] rarely on buildings, furnit[ure], teaching materials, books [and] other essentials. The facili[ties] remain rudimentary. In rem[ote] villages there are often pr[ob]lems not confined to educati[on] such as scarcity of water s[up]plies and lack of med[ical] centres. In such places it [is] difficult to find teachers p[re]pared to endure the hardship[s].

In other States the expans[ion] is more impressive, thou[gh] lower than the target. Bau[chi] State more than doubled [its] enrolment between 1975 a[nd] 1976, from 132,000 to 300,0[00].

CONTINUED ON NEXT PAGE

A number of major projects, including steel, car assembly and cement plants, are now under consideration. Most of their output will be used to reduce the flow of imports into Nigeria's growing domestic market. The levelling out of oil revenues will give added impetus to this strategy.

Industrial strategy

IGERIA'S oil reservea are a sting asset and with the cost capital goods still rising fas- r than the price of oil, the untry's military leaders are ced with the need to complate e capital-intensive sectors of igeria's development strategy t much later than 1985. With- t surplus oil revenues to pay r capital costs and defray itial operating losses, lgeria's plans to become aelf- ficient in most manufactured ods and later to become a net porter could face almost superable obstacles.

The industrial priorities under e Third Development Plan— sentially the iron and steel dustry, downstream diversifi- tion of the petroleum indus- y, a comprehensive electricity pply network and a good read of light and intermediate dustries, especially outside the w existing industrial concen- ations — must be substantially hieved within the next decada.

There is evidance to suggest at Nigeria's technocrats are tecking their problems with oew sense of urgency in keep- g with Lt.-Gen. Obasanjo's ril 1976 bndget speech de- iption of his country as "a tion io a hurry."

Structural changes soon to be de in, for example, the petro- m industry administration l the Federal Ministry of lustries, testify to the Federal vernment's determination to any means to get things e. At the same time there increasing indications in the lic and private remarks of lor officials that another Plan rity, the so-called "transfer echnology," is being treated e seriously than it has been he past.

ontracts

o start at the top, work on Nlbn. iron and steel com- x at Ajaokuta is now going ad, with contracts out to der for the initial infrastruc- e—a rail link from Oturkpo the transport of coking coal, electricity, roads and hous- Construction of a double k standard gauge railway n Port Harcourt, intended ly to service the Ajaokuta during the construction se, is also out to tender, but struction of the mill itself not yet been put out to der.

oviet technicians and geolo- s have been involved in the nning from an early stage l are responsible for the over- design of the complex, ining of Nigerian specialist npower and initial manage- ot of the complated scheme. t reports that Techno-Export been awarded tha contract construct the complex bave been confirmed by Nigerian cials, who indicate that their al system is to put contracts to open tender.

"We accepted Russian help in nning the steel industry be- se they were the only people pared to supply us with the w-how we needed," said one l servant earlier this year. 's reasonabla to suppose y'll want some of their own ple involved in building and ning the Ajaokuta scheme. ; they aren't financing the eme and there is no agree- ot that they will get all the struction work."

o view of the scheme's size probability is that companles m a number of countries will involved in different sectors. vourita for the lion's share of work must be West Ger- ny, two of whose companies Thyssen and Korff — were rded construction contracts two direct reduction steel nts late last year. These are be sited at Warri and Port court to take advantage of eria's natural gas supplies. struction will begin before ober, and both are scheduled start production before 1981. h the Ajaokuta complex ected to follow in 1983.

With all three plants operat- , annual productive capacity l be between 2m. and 3m. nes of steel with expansion ential to an eventual 5m. nes. On the downstream , the war-damaged Niger l rolling mill near Enugu reopened last November, l three other rolling mills are nned in other parts of the eration.

t is now admitted that tha lity of the iron ore at Itakpa, r Ajaokuta, is adequate er than exceptional, and eements have been drawn up import ore from Liberia and inea, whose ore has a particu- y high metal content. These orts will supply the direct uction plants until Nigerian osits are exploited, and may tinue to supplement domestic production.

n addition to the two exist- ing car assembly plants of Volkswagen and Peugeot, two commercial vehicle assembly plants are due to start produc- tion in 1978. Ona is a partner- ship between Steyr-Daimler- Puch AG (Austria), which will own 40 per cent. of the plant, Federal and State governments with 35 per cent. of the equity and Nigerian investors with the remaining 25 per cent. It is to be sited in Bauchi. The other ia a bus and truck assem- bly lina to be established in Ibadan in partnersbip with Leyland. A third lorry assem- bly plant is also planned. Commercial vebicle body assembly on a semi-knocked down basis is long-established in Nigeria, and will be ex- panded to maximise locally produced content in the vehicles.

Cement factories are being expanded or built at various places round the country and in partnership with neighbour- ing Niger and Benin. Total production is expected to be 3.5m. tonnes annually from 1980, which may not cover the country's needs bnt will cer- tainly save a good deal of foreign exchange. Another key import substitution area is sugar, demand for whicb is growing rapldly. The Nigerian Sugar Company at Bacita is to increase production to 50,000 tonnes a year. The Federal Government is also a major partner witb the Repnblic of Benln Government in a sugar complex, comprising estates and a fsctory, being built in Beoin with Lonrbo as technical partner.

Although in the long term it is intended that Nigeria should become a major exporter of finlshed and processed goods and machinery, most of its in- dustrial production in the imme- diate future will go to stem the flow of expensive imports into its expanding domestic markets. Further productive capacity is needed in almost every manu- facturing field, but industries producing some consumer perishables, such as drinks and cigarettes, and also textiles and footwear, are already well established.

Nigerian industry is weakest in true engineering (agricul- tural and industrial machinery, electrical appliances and trans- port equipment), which cur- rently accounts for only 2.3 per cent. of manufacturing value added. This is a particnlarly important area as it includes not only consumer goods but a whole range of speci list angineering enterprises, from precision equipment manufac- ture to backstreet machine shops and scrapyards, upon which other industries depend for maintenance and repair of their own equipment.

The Government is directing efforts towards expanding "intermediate and capital goods manufacturing" under the Third Plan. To this end, foreign Investors are being sought actively as technical partners within tha terms of the indigenisation decrees. Government documents stress the size of the West African market, the safety of tha invest- ment and abundant low cost, easily trainable labour. Quick sea transport to Europe and America is also mentioned.

To encourage foreign and Nigerian Investors further— the latter are traditionally reluctant to invest in untried industries because of their slow return in comparison with trading activities, tha Govern- ment is operating a variety of subsidies in the form of fiscal concessions, immunity from import duty on equipment, and so on. In some cases tha Government will provide 100 per cent. financa for the enterprisa and even underwrite initial operating losses.

The differenca between the current scheme and those em- ployed by earlier governments to attract foreign investors lies in the greater degree of Nigerian participation required under the latest indigenisation decrees and the presence of fast-growing domestic capital. It is felt tbat some companies took unscrupulous advantaga of earlier schemes.

Finally, plans to establish industrial estates in towns all over Nigeria, starting with the State capitals, in active pursuit of the Government's policy of spreading industry as widely as possible to promote even developmant, are being effected by State governments. Work ia under way on the infrastructure —water, power, roads and tele- pbone links—for the estates in Owerri and Osbogbo. In many states, especially the newer ones, government offices are so weakly staffed that they are increasingly relying on con- sultants to advise them on in- dustrial projects, and are keen to go into partnership with foreign companies, relying on them to supply knowbow.

While the various economic ministries all have a hand in exercising these policies and some specialist ministries and governmental organisations (for example, Ministry of Petroleum Resources and the Nigerian Natiooal Oil Corpora- tioo, Ministry of Mines, aod the Nigerian Electric Power Autho- rity) are responsible for their own industries, much of the final responsibility for planning Nigeria's industrialisation rests with the Federal Ministry of Industries.

Backed by the Nigerian Industrial Development Bank and the Nigerian Bank of Com- merce and Industry, which according to a recent govern- ment document are to "operate more as industrial promoters than as banks," the Ministry has to administer government policy on industry from top to bottom, from steel and spare vehicle parts to small local artisanal enterprises. Its many functions are carried out by a multiplicity of internal divi- sions, most of whose names are self-explanatory: Iron and Steel, Engineering and Chemi- cals, Agro-Allied and Textiles, Small-Scale Industries, Indus- trial Training Fund, Nigerian Standards Organisation, etc.

Neglected

In the past, some projects bave been held np or neglected as a result of tha need for ministry officials to divide their time and effort between formu- lating and administering policy on the one band and monitoring projects in tba field on tha other. The Ministry of Indus- tries is about to set up a hold- ing company, similar in concep- tion to the Nigerisn National Petroleum Company which will amalgamata the Ministry of Petroleum and NNOC, to con- duct day-to-day supervision in tha field on behalf of the Gov- ernment and report back to tha Ministry.

It is hoped to recruit experts with practical experience in different industries—something few senior civil servants have— to keep a close and constructive watch on how governmant money is being spent, how foreign technical partners are behaving, and so on. As Nigeria becomes more indus- trialised tha bolding company could easily evolve into one or aeveral "parastatal" corpora- tions with widespread industrial holdings. There are precedents for this in developing and industrialised countries.

Watched

One area being watched closely by Nigeria's new genera- tion of technocrats is that of the "transfer of technology" and relations with foreign tech- nical partners in general, which have sometimes in tbe past proved more costly and less beneficial than expected. "In the past, and even to-day, firms were often contracted to build a plant or installation for an agreed price," said a senior official in a recent interview. "When the job was completed they'd just leave, and we'd have to deal with any teething troubles or faults in the equip- ment ourselves—or wait for expensive outside belp. Our thinking now is that we want technical partners to take some equity in the enterprise and perhaps a training and manage- ment contract, so that their commitmeot lasts beyond the construction stage."

He went on to remark that it is often more expensive in the long run to accept the lowest tender for a contract if its terms do oot include a period of training indigenous manpower to operata and maintain the installation.

In an effort to avoid further unhappy experiences—it is usual in Nigeria for the fail- ings of technical equipment in, for example, power generation and telecommunications, to be blamed on irresponsible sup- pliers—the Nigerian Standards Organisation is to be responsible for "monitoring malpractices by multinational companies." Among such alleged practices are, it is said, the sale by the parent company to its Nigerian subsidiary of com- ponents at inflated prices and the failure to provide proper training and information to Nigerian employees—surely a key factor in the transfer of technology.

Nigeria has received belp and encouragement in this area from the governments of some "more advanced developing countries," notably Brazil, Algeria and India, many of whose problems are similar to Nigeria's. There is particular admiration for Brazil's dramstic economic growth, and a number of bilateral agreements with thesa and other developing countries have been signed or are under discussion. There is nothing in these developments which need frighten a proficient company whose expertise is needed in Nigeria.

But one cannot help wondar- ing what effect the gradual dis- appearance of Nigeria's tradi- tional seller's market will have on foreign businessmen used to the old ways. Nigeria only wants value for money; with multinational companies, or indigenous businessmen for that matter, be ready to provide it?

J.H.

Education

CONTINUED FROM PREVIOUS PAGE

Sokoto State bas suffered from shortages of building materials and skilled workers; 4,344 new classrooms wera needed in 1976, but contracts were awarded for only 2,578, while a mere 948 were completed in time for UPE'S official launching. Thus in this academic year only 40 per cent. of six-year-olds are in school—though for Sokoto this is already a considerable advance.

Although UPE is officially considered to be the beginning of a process of increasing a "national consciousness" social problems already are emerging. The question is often asked, and rarely answered, of where the pupils produced by tha universal primary system are destined for. Secondary school expansion cannot keep pace with primary output. Jobs will not be available for tha majority and there will be a resistance to working the land unless more practical and agricultural train- ing is included in tha curricula.

A recent educational con- ference concluded that emerging primary pupils should be enrolled in the National Youth Service, but this is not an answer to a prob- lem essentially of employment. The idealistic view, presented by a Nigerian political scientist, is that the "re-organisation of education must take place within the context of a general transformation of society to re- duce scarcity and inequality."

A further difficulty is posed by the often poor motivation of the teaching staff. According to a recent Lagos Daily Times article: "Our school-teachers are about the least enthusiastic set of professionals in tha country." The author accused teachers of not preparing their classes and turning up lata. It has been observed that Nigerian teachers are more concerned with their housing and car allowances than with teaching. Often this atti- tude is an echo of colonial con- cern about conditions during "service in the tropics."

A continuing debate rages as to whether English should be replaced as the national language and medium of in- struction. Many pleas bava been made by Nigerian education- alists to introduce Hausa, Ibo or Yoruba across the country. However as in first years of primary edncation the Govern- ment bas already permitted a choice of English, Arabic, Edo, Efik, Hausa, Ibo, Yoruba, Ful- fulde or Kanuri, the choice of language at later levels would seam likely to remain English. It is the language of contact in the world in which Nigeria is destined to play a very significant role.

Richard Synge
Editor, Africa Guide

Nigeria is not the first country to decide to build itself a new capital city, but the project is certainly one of rare urgency. The problems of overcrowding and traffic congestion in the present capital Lagos, have become almost insuperable, leaving the authorities without much choice.

Life in Lagos

THE NIGERIAN newspapers called it a miracle and they hardly exaggerated. Hurry to Lagos, if you have to go; for in the next few weeks, you may actually be able to drive down its crowded streets, keeping your appointments and your cool. You may do the length of Broad Street in five not 50 minutes, and get to the airport within the hour. It hasn't been like this in at least ten years.

The snarling, throttling traffic jams have gone, at the stroke of an administrative pen. In the middle of January, the authorities decreed that if your licence plate began with an Even number you would *have to garage* your car on Mondays, Wednesdays and Fridays. Odd numbers stay in on the other days.

Sundays are magnanimously free for all, and commercial vehicles and taxis exempted *all* the time. But even so traffic on Lagos Island and most other places seems to have been halved.

It all happened because of *Festac, the Black Arts Festival*, but the Government says the decree will stay in force for another two months although Festac ended last week-end. But go soon, benefit from the ingenuity of the Nigerian Government, before the ingenuity of the Lagos motorist makes it all impossible again—for most Lagosians seem to think they will find a loophole in the law sooner or later.

Muted

It seems extraordinary in retrospect that it took Festac and not the horrors of daily "normal" life in Lagos to provoke the "miracle," especially since the expected outcry about the decree from motorists has been fairly muted. Perhaps it was that most car-borne Lagosians, a highly individualistic breed, had got used to the jams; they had become a talking point, like the weather in England. And great hope was put in longer term plans to ease the congestion, in particular in the huge road building programme, which has already dramatically changed the appearance of the federal capital.

It's a long time, for example, since you could take a pleasant evening *stroll down the Marina*, the palm fringed harbour-side drive where the British sited their rather elegant colonial buildings.

But now the palms wave disconsolately 100 yards from the sea. An expressway, soon to ring the whole of Lagos Island, stilts its way along the new waterline, cavalierly encircling the residence of the British High Commissioner on its once favoured site (now an army mess), and whipping across the tops of the houses where once lived top politicians.

There are many other such expressways; so many in fact and so much is Lagos changing, that it struck me one day, driving from the once exclusive suburb of Ikoyi to industrial Apapa, that the nearest African parallel to the Lagos of the near *future, if not quite the Lagos of* to-day, will be Johannesburg. Politics apart, there are real similarities. Lagos is the capital of the richest African country outside South Africa, and at least part of the city, and the country, is rushing headlong into the modern industrial world in the slightly "Wild West" style that once typified development further south.

There is, *of course*, a lot that has not changed. I still find the 14 miles from Ikeja airport into town one of the most exciting car rides in Africa. The new expressways will soon make it easier, and much duller. But for now, the journey provides a microcosm of Nigeria and its problems.

Officially, the population of greater Lagos is put at 3.5m. and the country's total at 70m., but you could believe both those figures doubled on the airport drive. In the early evening, as the traffic snarls, horns blaring and headlights blazing, every foot of scruffy roadside and much of the space between the vehicles is, it seems, *humanly occupied*.

Flares flicker from a thousand tiny stalls, burnishing the faces of trading mothers, grandmothers and schoolkids. Behind them range a huge variety of *marginally more formal* shops, textiles bathed in blue neon, or furniture, or photo studios in red; while all around, uncountable families live, eat, cook and play music into the smoky night. It is a scene of incredible variety and vitality—and also, too, of squalor.

Drains

For that side of Lagos has not changed either. The open drains still smell; the rubbish (even in salubrious suburbs like Ikoyi) seems piled higher than ever; the pavements, where they exist, are a terrible trap for the unwary; the holes in the road, baring underground cables, remain unminded when you see them—or the alarmingly convoluted wires drooping from telegraph poles in the backstreets of the commercial area, you think you understand why telephoning Lagos is so impossible. And Lagos taxi drivers are broadly as arrogant, as greedy and as apparently ignorant of all but the better known streets, as ever.

Behind the seamier side of Lagos lies something more. The city shows the effects of the oil *boom* in more than expressways. In the smart clubs or expensive restaurants, the talk among wealthy Nigerians is of the big deal, the third or fourth car, the second boat, or the servant problem.

As the plush air-conditioned cars protect their often solitary inhabitants from the heat and fumes and the crammed and sweaty buses, the gap between the standards of living of the rich and poor seems more obvious than ever.

But there is no doubt that Lagos is a vital and vigorous place—nor that it is ultimately victorious, especially over its visitors. If you're going there in that capacity, don't try to beat it. Then you might actually enjoy it.

B.B.

A traffic jam in Lagos—one of the city's worst problems.

Siting the new capital

IS THE DECISION to move Nigeria's capital to a site almost in the centre of the country simply a gesture of despair in face of Lagos' daunting traffic jams? Or is it intended to give Nigeria a new focus of unity and to improve Federal administration?

In fact even if, as is claimed, hypertension created by Lagos traffic jams leads to death, for the mass of inhabitants there are far more serious problems. It is these, rather than the jams (*which, in any case, should* be greatly eased by present roadworks) which make Lagos unfit for its role as capital of Africa's most populous country.

Perhaps 300,000 people out of the capital's population of some 3.5m. have no regular habitation. Those who officially have a roof often have little more—and pay outrageous rents.

In December 1975 a panel *under Mr. Justice Aguda*, appointed by the new military government, reported its recommendations about location of the federal capital. The report noted, for example, that to establish a modern sewage system would require demolition of most of the buildings it was meant to serve. Lagos, the report asserted, was "one *of* the dirtiest capitals in the world." While there has been great progress in telecommunication links between Lagos and the most distant parts of Nigeria, to telephone inside Lagos becomes *daily more difficult*.

Projected

Demand for water now exceeds that *formerly* projected for the year 2000. Food, firewood, indigenous building materials, are all costly because of the need to bring them long distances—the UN Lagos "index" is 126 against London's 100 and Lusaka's 83.

An outstanding problem is Lagos' shortage of land for expansion. Enormously expensive reclamation for the capital territory has been necessary; and acquiring land immediately adjoining Lagos is now so expensive that even the dizzy cost of establishing a new capital would be less forbidding.

There is no prospect of halting the commercial growth of Lagos, Nigeria's main sea link with the world. The only prospect for the Federal Government is retreat, says the panel.

Cost remains the great problem. A Government White Paper agrees with the panel's observation that "a sizeable portion of the national income" would be committed to building the capital within the 10-15 years envisaged. But this would not have a "devastating effect on the economy as a whole." In any case if the capital is not moved, such huge sums would have to be spent on Lagos that the panel see a "cost-advantage" in their plan.

Above all supporters of the new capital see in it a new political symbol for Nigeria, and in the end that will be the real test.

The Aguda panel chose as the new site an area south of the ancient town of Abuja, almost *literally* in the middle of Nigeria, in the new Niger State. The capital territory site is some 3,000 square miles. The panel visited capitals such as Canberra and Brasilia and defined criteria for a capital territory. "Centrality"—which the Abuja site certainly has—is given the biggest "weight." After that are such factors as climate, land, water supply, "multi-access possibilities," physical planning convenience, and "ethnic accord."

Enervating

The Lagos climate is enervating, even if air conditioning now offsets, for some, its worst effects. The new site is climatically much superior and it also has most agreeable scenery. The area is thinly populated, and it is not intended to include the pleasant Abuja town, with its great tradition of craftsmanship, in the capital. The cost of displacing people should be small. And this is an area where land can be, and very diplomatically has been, acquired with far less trouble and at far less cost than in more thickly populated areas with more complicated tenure.

Water supply, is adequate. The railway passes nearby, and road access should be no problem. Nearby airfields can be expanded.

"Ethnic accord," a polite way *of* saying that the area should lie outside the territory of any major ethnic group, is very important in Nigeria. The site, where a great varity of small groups live, is entirely outside the areas of Nigeria's major peoples.

A ten-member Capital Development Authority under the chairmanship of Mr. Ajose Adeogun, former Federal Commissioner for Co-operatives and Supply, who has been given Cabinet rank, is in charge of development of the new Capital Territory. Work has begun, but is still in the very early stages.

The move raises obvious questions for diplomats, and, above all, for businessmen—even if the huge project will generate a host of contracts. Lagos will remain the commercial capital and many Federal statutory corporations will remain there. But in a country where the Federal Government is so important in economic life, representation, usually at high level, will be essential in the new capital.

D.W.

A talisman for the small investor

BY CHRISTOPHER HILL

NEWS last week that the Exchange Council has d to go ahead with the tage of its £13m. Talisman e to computerise the e work in settling sales urchases of shares, might have produced a polite from everyone except intimately concerned the change. But, it was more interesting by the ested tariffs for the service h are heavily biased in ur of the small deal, and by accompanying remarks of Stock Exchange chairman, Nicholes Goodison.

said that the moderate ges to stock market firms smaller deals would ease cost pressures on firms sacting private client business (charges to the client are ffected) and would stave off chances of increases in mmission charges payable by customer on share transactions. He added that more than per cent. of all share deals re for private investors and t a key principle in working the tariff had been to urge less on the smaller gain.

This was in spite of the fact t small bargains account for y 35 per cent. of the value share turnover. Mr. Goodison d the SE Council "feel very ongly that the private investor must be encouraged. He has n a net seller of over £1bn. year because of tax and vernment policies and this es not bode well for the faith of the market." He mplified this statement in his ter to senior partners of ckbroking firms explaining details of Talisman, saying t "most bargains have consideration of £2,000 or less and se bargains are very import to the liquidity of the rket. All firms clearly have an interest in the tariff being set to encourage this business."

Bearing in mind that Mr. Goodison has been more keen on the subject of the private investor than some of his predecessors as chairman, it certainly looks as if a change in attitudes is coming about in the Stock Exchange. It is not necessary to look much further than

DISTRIBUTION OF STOCK EXCHANGE EQUITY BARGAINS (BY AMOUNT)

Amount £	% of Bargains
0— 500	32.70
501— 1000	17.72
1001— 1500	11.46
1501— 2000	6.98
2001— 2500	4.84
2501— 3000	3.40
3001— 3500	2.34
3501— 4000	1.93
4001— 4500	1.61
4501— 5000	1.43
5001— 5500	1.15
5501— 6000	1.08
6001— 6500	0.78
6501— 7000	0.64
7001— 7500	0.71
7501— 8000	0.67
8001— 8500	0.57
8501— 9000	0.47
9001— 9500	0.41
9501— 10000	0.49
10001— 25000	3.99
25001— 50000	3.08
50001—100000	1.14
above 100001	0.41

Source: Stock Exchange

the above table, which shows the miserable trend of bargain volume figures to see why this should be so. It is making stock exchange firms think twice about their long-term interests and to attempt to correct what Mr. Goodison calls "misconceptions" about the Stock Exchange.

Of course it is indisputable that the private shareholder has been a declining force in the pattern of share ownership for a very long time—from 1963 to 1973, for example, the proportion of Ordinary shares held directly by individuals fell from 59 per cent. to 42 per cent. according to evidence in the Diamond Commission's report. Since the disastrous market of 1974, the proportion is now reckoned to have fallen to around a third. But the Stock Exchange is producing figures of its own to show that the private shareholder is still an important force (a third of the bargains in the table on distribution are under £500) and should not be thought of as quietly going out with the tide.

This is certainly the impression which is often given and which tends to be used to the detriment of the Stock Exchange. The recent Bullock Report on worker directors, for example, pointed to the private shareholder's dwindling importance as a provider of new capital and the rise of the institutions as a more important factor. Similarly there has been a lot more concern since 1974 about the effect of growing institutional power on Stock Exchange volatility — the trouble being that institutions tend all to march in the same direction at roughly the same time.

Cold shoulder

What the Stock Exchange would like to do is to dispel certain "misconceptions." First, that the private investor has disappeared for good; secondly, that his disappearance was aided and abetted by stockbrokers who gave him the cold shoulder in favour of institutional business; third, that the Stock Exchange is doing nothing to encourage him to stay; and perhaps fourthly that the only individuals who do stay directly invested in stocks and shares by choice have a "casino" mentality.

One of the problems about finding out about the private stockmarket investor is that there is a wide variety of stockbrokers who have differing attitudes to private clients depending on whether the stockbrokers lean toward institutional business or not.

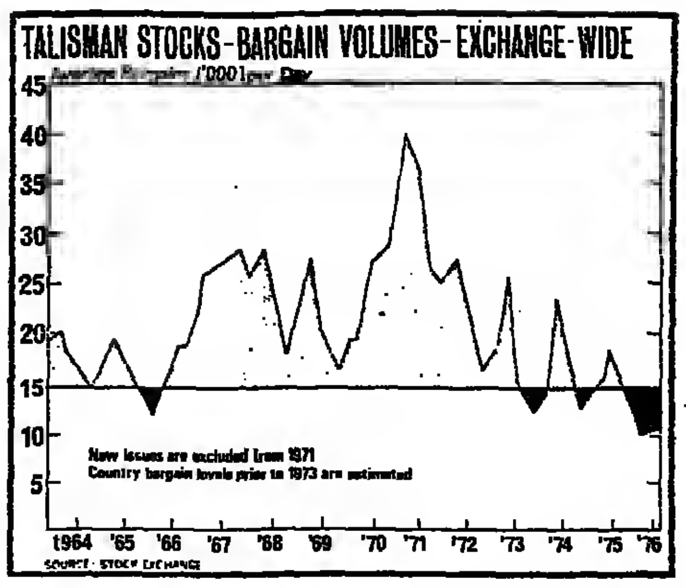
But the feeling of many brokers is that in the recent market recovery there has been plenty of evidence of a return of the small investor ("they come crawling out of the woodwork" as one put it). Mr. Goodison is convinced that "they have been there all the time." All they need is confidence after a disastrous year in 1974 and possibly "cruel disappointment" in 1976. He pointed out that on the last estimate in the late 1960s there were well over 2m. private clients and they can't all have gone.

The second misconception about the private investor being given the cold shoulder and told that he was "uneconomic" makes Mr. Goodison's hackles rise—and those of a good many brokers who make private clients the bread-and-butter of the business. He reckons that "stockbrokers as a body look after more private clients than anybody else in the country" (unfortunately no overall figures are available) and that a well-run broking firm has a very large number of private clients. This is where the arguments about stockbrokers' concern for private clients run into difficulties. Some of the most well-known London brokers are biased towards the institutions, and certainly do not welcome private clients unless they come through traditional channels such as personal recommendations by solicitors. But it is difficult for a small investor to be able to weed out the welcoming firm from the one which would gently (or not so gently) turn him away. As one broker with a large institutional business said, "We're on the list the Stock Exchange sends out, but we only get half a dozen inquiries a year as a result and those are a bloody pest."

This would scarcely endear him to the SE Council in its present mood, and Mr. Goodison's view is that it is no more difficult to get in touch with a good stockbroker than with a good solicitor—perhaps less so because the stockbroker can advertise his wares. There is no doubt that, starting from scratch, the average prospective client would make his way to the local bank manager and let him take care of it. This is where most of the one-off orders come from, but regular clients do tend to be lured into the bank's own net nowadays and deal with the stockbroker only at second-hand. This is not always the case, but is more of a trend now than when the banks had few investment vehicles of their own to offer.

What has happened over the past few years, however, is that stockbrokers have begun to talk less about the high costs of dealing with private clients than the importance of maintaining turnover. It has also been realised that by offering various degrees of service to the private client it is possible to make most of this business profitable.

The kind of private client stockbrokers are least keen on and which prove the most expensive (from the viewpoint of the London broker at any rate) is the one with a small capital who wants to be personally advised on his share transactions and make all his own decisions on the basis of the advice. He also forgets to do his paperwork, loses share certificates and is generally inefficient. But the ones they want are those who are prepared to give the broker discretion about the shares which are bought and sold and to deal in a nominee name. Computers have been a great help in making private client operations run more smoothly in the bigger firms and various tiers of service are offered, ranging from a full investment management service on the computer or to just "availability." One senses that the man who just puts through small buy-and-sell orders without making a fuss is still going to get a welcome under to-day's conditions.



There are, of course, now fewer brokers to choose from (110 in London and 150 in the provinces) following mergers stemming from rising costs and the low level of turnover. There have been seven mergers since last April.

But most of those brokers which are still around are likely to be as keen on wooing and winning private clients as concentrating on institutional business. Private clients are more expensive in terms of computer file capacity, secretaries and account managers, whereas institutional business is expensive in terms of high grade executives and considerable research back-up. Estimates of relative profitability vary, but one firm with a foot in both camps reckons that whereas it costs between twice and 2½ times as much to service an institutional client, the return is probably four or five times as much because of the greater profit per bargain. This is why brokers find institutional business attractive. But the other side of the coin is that the institutional tap can be very easily turned off whereas the private business goes marching on. This is probably especially the case where the broker has discretion, although brokers always strenuously deny that their decisions ever have anything to do with the need to generate commissions.

One point Mr. Goodison is very keen to make is that private client business is a very personal business, and that the majority of private investors are not of the in-and-out variety so condemned by left-wing politicians in referring to the extreme volatility of the stock market over the past few years. This is where the role of the provincial broker is stressed, for, although they seldom hit the headlines, they do mainly act for private clients.

Provincial

How do the provincial brokers feel about Talisman and the current state of the private client market? The big provincial brokers tend to be very like London brokers in their reactions, but there is a refreshing simplicity about some of the smaller firms. For example, Hammond Gilbert of Tunbridge Wells, where the partners handle most things and costs are low, say that they are very wary that Talisman might possibly add to their expenses, but are keeping an open mind while they look at the details. As for the level of business, they have been going flat out since January. Many of their customers are retired and who "come down to Tunbridge Wells, forget to die and like to pop into the High Street broker."

But, taken together, brokers are reticent about their achievements and still rely heavily on private business to beat a path to their doors. One cannot see them sweeping the fund managers out of business with this attitude, but at least strenuous attempts are being made to hold on to existing business by keeping the costs low. The real key to the stockbroker's hold over the private client, however, is not cost, but the investor's confidence in the U.K. economy and the long-term future of equity investment.

Letters to the Editor

Shipbuilding policy

From the general secretary, Shipbuilding and Allied Industries Management Association

Sir,—Though the Government's reported intention (February 7) to set up a state-owned "holding company" to spearhead the marketing efforts of the U.K. shipbuilding industry is essentially a stop-gap measure and is far short of the coherent national strategy which the industry needs, any measure which may assist in winning badly-needed orders for British yards must be welcomed. It is hoped that the announcement of further and more immediately effective measures of support will shortly follow, such as will place British shipbuilders on more equal terms with foreign shipbuilders who already enjoy the benefit of supports and subsidies from their respective Governments.

The suggestion by John Wyles in the same article that shipyard subsidies should be reserved for "potentially viable" yards, when coupled with his earlier writing-off of a large part of Scotland's shipbuilding industry as non-viable by commercial standards, is likely to cause some resentment in Scotland.

Bearing in mind the long-cycle nature of the shipbuilding business and the exceptionally difficult trading conditions with which the industry has had to contend in recent years, it might be unreasonable to use a shipbuilder's recent record of profitability as a justification for withholding allocation of Government financial aid. It can also be argued that low productivity of some yards may have arisen from past lack of capital resource on the scale needed to bring about major productivity improvements by replacement of outmoded facilities and equipment, and that, given the resource, such improvements could be effected.

Leaving aside whether investment of public money in parts of the industry may be justified from an accountant's point of view, we would argue that use of public funds to support the U.K. shipbuilding industry through the present recession is greatly justified, in the national interest, if Britain is not to become dependent on other shipbuilding nations to supply the ships for carriage of the seaborne trade which is this island's lifeline.

Even though, in the short term, our most intensive marketing efforts may not succeed in increasing Britain's share of a fiercely competitive market to a level which would fully utilise the whole of our present shipbuilding capacity, we must at all costs preserve the essential management, technical and manual skills which have been built up over the years and which, once lost, will be irreplaceable. If steps are not taken to retain these skills, we shall be unable to take advantage of the eventual upturn in demand when it occurs, and shall lose our place as a major shipbuilding nation, losing beside our capability to meet our own shipping needs.

M. Hayward-Jones.
1, Chalk Hill,
Oxhey,
Watford, Herts.

Electing the Board

From Professor Samuel Eilon

Sir,—Mr. Clive Jenkins keeps telling us that putting directors on company Boards will provide a belated franchise for employees, and soon he will begin to believe it.

In fact the majority report of the Bullock Commission allows the employees to vote only in an initial triggering of a claim; thereafter it is a Joint Representation Committee of all unions that appoints the worker directors, the trade union employees have no direct vote at all, while non-trade unionists are completely disfranchised forever. In the context of the current debate I would like to quote, therefore, a small part of the submission that I made to the Bullock Commission: and which are points that have not been raised in your correspondence. . . .

"If we accept the proposition that the Board has responsibilities not only to its shareholders, but also to the employees, to the customers, to suppliers and to society, it follows that voting at annual and extraordinary general meetings should not be confined to the shareholders. It is doubtful whether a sensible system can be devised to allow customers and suppliers to vote, both because of the transient nature of the relationships that many of the former have with the company and the possible conflict of interests of the latter, and in any event the interests of these parties and of society should constantly be borne in mind by the non-executive directors.

"There are, however, no a priori convincing reasons nowadays for excluding the employees from the voting structure and I would argue in favour of the following: (a) All employees should become eligible to vote after three years of service; (b) Eligible employees should have equal voting rights, irrespective of service or status; (c) The total voting power of the employees should be, say, one tenth of the total votes, the remainder being in the hands of the shareholders (it would be an easy matter to calculate in each case the employee's vote in equivalent number of shares); (d) In addition to their voting rights as employees, individual workers should have voting rights as shareholders, if they hold stock in the company."

Now, one can argue as to whether the weight proposed for employee votes is correct, but here is a schema that truly provides franchise on a continuing basis, and not merely as a trigger mechanism.

Samuel Eilon.
Department of Management Science,
Imperial College of Science and Technology.
Exhibition Road, S.W.7.

Running the company

From Mr. R. Veryard.

Sir,—I should like to comment on the letter (February 9) from the chairman of Dixon's Photographic. He points out that, under the majority proposals of the Bullock report, seven of the present directors must vacate their seats for worker-representative or co-opted directors; and he asks "What are the seven directors who go from the Board going to do? Without their motivation can one really expect their performance to be equal?"

I would suggest that this "demotion" is mainly psychological and need involve no loss of duties or remuneration. On page 79 of the Bullock report, it is stated that "senior management will continue to be relied upon for detailed advice on the formulation of corporate policy and for the implementation of Board decisions, and at the top level will act, as now, as an informal or formal management committee." If Mr. Kalms is claiming that his ex-directors will sulk because the meetings they attend, at which the subjects discussed and decisions reached will be largely the same, are no longer honoured with the word "Board," his opinion of them cannot be very high.

While it will, of course, remain the Board's function to take overall legal responsibility for the company—although in some cases, managers may be held to represent the company (and be individually prosecuted) as, for example, under the Health and Safety at Work Act 1974; and this trend may be expected to continue in future legislation—all but the most long-term policy decisions are expected to be delegated to a management committee.

The pessimism displayed by Mr. Kalms, however, would seem unjustified. If industrial relations in Dixon's are so good, end lower-level democracy so far advanced, as he states, the employees will presumably reject the Bullock proposals in favour of a system of representation more suited to the company, a system which would be a logical conclusion to the progress of which Mr. Kalms rightly boasts. It is only in less enlightened companies that a sharp stick need be used to discourage the animal from standing where its fathers stood.

Richard Veryard.
26, Shoreham Lane,
Sevenoaks, Kent.

Small companies more efficient

From the Chairman,
The Association of Independent Businesses

Sir,—Many people may agree with your correspondent Mr. David Jenkins (February 8) that the existing system of industrial organisation has proved to be a recipe for near disaster. Few, it seems, would agree that the Bullock proposals are either imaginative or constructive.

Almost all suggestions for changes in company law to deal with organisational and other problems of large companies are attempts at curing symptoms without considering the basic problem. Large companies are difficult to run because lines of communication tend to be long, organisation can become too inflexible, and administration can become too onerous and costly.

Smaller businesses are unlikely to develop these faults but if they do, and decline until they cease trading, then, in individual cases anyway, it is not politically important. It is politicians' fear of the consequences if a large company should cease trading which is one reason why nearly all public discussion of industry seems obsessed with the apparent faults of large companies.

Surely the time has come when we, as a nation, should wonder about the oft proclaimed advantages of large corporations. This country's industry is comprised of fewer enterprises per head of population than that of any other Western country. As the number of businesses ceasing trading is exceeding the number of new starts the concentration is increasing.

In many industries, of course, the most efficient unit of production is not all that small. Yet, as this association wrote in its evidence to the Bullock Committee, "very few industrial or commercial organisations need more than 500 employees for efficient operation—indeed 200 would be the limit for most." If, for argument, we allow that it is in companies with over 2,000 employees that difficulties of communication, etc., can become really damaging, then the burden of proof should be on those who seek to justify the existence of such organisations.

This might in some part be achieved by changes in monopolies legislation. Much more importantly, it would necessitate a reversal of the attitude behind the industrial policies of recent Governments. This has looked on large companies as normal and small ones as peripheral or even anomalous. The result has been that the proprietors of medium size companies have kept their businesses intact only with increasing difficulty or sold out, while insufficient people for the health of the economy have been willing to risk their savings in starting new businesses.

I do not claim to be imaginative in suggesting that Governments should treat small and medium sized businesses as normal and large ones as in need of justification. I am sure, however, that such an attitude is constructive because it would provide the basis for a greater amount of satisfying employment and for our future prosperity.

There would be just one problem to overcome. For the benefit of the population as a whole Parliament would need to stand up to those with a vested interest in the present system.

Colin Dauris.
Europe House,
World Trade Centre, E.1.

Economic policy

From Mr. A. Dean

Sir,—Mr. Brittan's advocacy of free floating and the abandonment of incomes policy (February 10) sounds inviting, but such a policy might run into great practical difficulties. The most important of these is the prospect for earnings after July should no agreement be reached with the unions on a further period of pay restraint. I think it is unrealistic to believe that a return to "free collective bargaining" in the summer would not lead to a renewed bout of inflation that might be far more serious than the 1974-76 episode.

The binding economic constraints of M3, the high level of unemployment, etc., which would supposedly restrain earnings, may apply to the economy as a whole but will not inhibit claims for extravagant pay rises from the majority of workers. On the last occasion when the unions were given free rein in their bargaining, in the original social contract period of 1974, the annual rate of increase in earnings rose from 15 to 30 per cent. in the space of six months. The same outcome would be a strong possibility in 1977.

What would be the effect of an acceleration in earnings of this extent? Undoubtedly, whichever measure of international competitiveness one might use, Britain's competitiveness would rapidly deteriorate and there would be no question of a rising exchange rate. On top of this there is no doubt that "confidence" would rapidly disappear, with further unfortunate repercussions not only on sterling but also on investment.

Mr. Brittan is right to discern a "tide in the affairs of the U.K." but I fear that he wishes to catch the wrong tide. While I applaud his (veiled) approval of reflation via tax cuts, I believe the ending of pay restraint would be disastrous. The case for a zero norm, coupled with large tax cuts and a freely floating pound, can never have been stronger. We could confidently expect inflation to be brought down to nearly zero, real disposable incomes to rise substantially, output to recover rapidly and unemployment to fall. Indeed, all the major objectives of British economic policy could be achieved in one fell swoop.

Andrew Dean.
4 Heathwood Court,
Emmanuel Road, S.W.12.

Taxation and motivation

From The Director-General, Clerical Industries Association

Sir,—Elinor Goodman's reference (February 7) to one of our case histories concerning the effects on the British chemical industry of excessive personal taxation rates inadvertently caused some of your readers to interpret it in a way contrary to the data given by us. Since we believe the case for dramatic action by the Chancellor in his forthcoming Budget is already overwhelming we would not wish to be accused of overstating the case: may we therefore make the facts clear?

The company reporting the incident was the British subsidiary of a U.S. group. The parent is deciding where to locate its new European headquarters. Since the group's largest existing European subsidiary is in Britain this would seem the logical location for the new headquarters. Sadly it reports, however, that due to salary restraints and personal tax levels in the U.K., "serious consideration is being given to an alternative location for the headquarters." Thus the story did not concern an existing company moving from the U.K.; it referred to the equally sad fact that Britain lost the opportunity of becoming this U.S. group's European headquarters site, with all the benefits that brings with it.

Since your original report more disturbing motivational histories have hit my desk. In view of Britain's paramount need to reject its beggar role by exporting more may I quote a further relevant and depressing example. The managing director of a substantial British chemical company writes: "A fortnight ago our export sales manager (11 years' service with the company) handed in his resignation because he is taking up a managerial position in the Far East. In his letter of resignation he says, 'I should like to make it clear that it is preponderantly due to the economic climate in the U.K. that I have been impelled to take an overseas post.' He naturally travels a great deal in his work and over recent years has seen clearly the poor rewards enjoyed by British based managers compared with those living overseas. In addition he sees the position getting steadily worse with an actual fall in his own standard of living. In his new position his after tax pay will be three times what it is here and he will also receive commission and profit sharing payments plus many fringe benefits. He is aware that he was about to receive promotion here but the high levels of taxation and the diminishing differentials made promotion of little significance in his decision. He feels that he can no longer deny himself and his family the benefits which come from his working abroad."

It is to be hoped that the Chancellor, in reviewing the future taxation levels of British management, will give due weight to the realities of the "motivationally imperative" when weighing it against what has hitherto been seen as the "politically unacceptable."

Martin E. Trowbridge.
Alembic House,
93, Albert Embankment, S.E.1.

To-day's Events

GENERAL

Balance of payments figures for January.

EEC Finance Ministers meet, Brussels.

EEC Agriculture Ministers begin two-day meeting, Brussels.

Dr. Mario Soares, Portuguese Prime Minister, begins two-day official visit to U.K.

Mr. Cyrus Vance, U.S. Secretary of State, leaves for Middle East tour.

Mr. Edmund Dell, Trade Secretary, is main speaker at Industrial Society conference on Bullock Report on Industrial Democracy, Cafe Royal, W.1. Other speakers include Mr. James Prior, Shadow Cabinet spokesman on employment, and Mr. David Basnett, general secretary, General and Municipal Workers' Union.

Mr. Anthony Wedgwood Benn, Energy Secretary, speaks at Parliamentary Press Gallery lunch, House of Commons.

Mr. Edward Rowlands, a Minister of State for Foreign and Commonwealth Affairs, leaves for talks with Argentina on its claim to sovereignty over Falkland Islands.

PARLIAMENTARY BUSINESS

House of Commons: Job Release Bill, second reading. Social Security (Miscellaneous Provisions) Bill, remaining stages.

OFFICIAL STATISTICS

Retail sales (January, provisional). Turnover of motor trades (fourth quarter). Turnover of catering trades (December).

COMPANY RESULTS

Manchester Ship Canal (full year). Nottingham Manufacturing (full year).

COMPANY MEETINGS

See Week's Financial Diary on page 33.

COMPANY NEWS

Good start by Reed Shaw Osler

NET EARNINGS of Reed Shaw Osler, the 54.47 per cent-owned Canadian insurance subsidiary of Stenhouse Holdings, rose by half in the first quarter to December 31, 1976, from £615,000 to £924,000. Net earnings per share were up from 4.13p to 6.22p.

In the year ended September 30, the company's pre-tax profit increased by £4.03m. to £12.47m.

Commission and fees earned net in the first quarter were £51.23m. against £10.22m., and operating expenses increased from £9.24m. to £13.74m. Interest and rental income expanded from £361,000 to £610,000.

Income taxes took £1.13m. against £0.71m., and minorities provided a credit of £16,000 compared with a debit of £6,000.

Amortisation of intangible assets was up from £14,000 to £61,000.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Ar[illegible] Industries, Leopold Joseph Investment Trust, Kursaal.

Finals: Anglo American Corporation of South Africa, Beaumont Properties, Lancashire and London Investment Trust, Harris Lebus, Manchester Ship Canal, Nottingham Manufacturing, Scottish Western Investment.

FUTURE DATES

Interims—

Fox's Biscuits	Feb. [illegible]
Smith Bros.	Feb. [illegible]
Webb (Joseph)	Feb. [illegible]

Finals—

Allen Harvey and Ross	Mar. [illegible]
Howden (Alexander)	Feb. 23
Law Debenture Corpn.	Feb. 17
Transport Development	Mar. 14
Whittingham (William)	Feb. [illegible]

feed, with a major part "pledged," earning additional returns of approximately £100,000 through economies effected in raw material buying.

Further expansion included an increase in the cubing capacity of the feed mills, says the chairman. Future emphasis on the arable sector includes a £100,000 extension to the seed processing plant and the acquisition of the farmer-developed machinery business of Richard Colwill at Stourport-on-Severn.

Net current assets are stated at £2.53m. (£1.93m.).

Meeting, Agriculture House, Barbourne, Worcester on February 25 at 11 a.m.

Record £0.57m. by MSF

On sales increased by £3.89m. to a record £22.99m., pre-tax profit of Midland Shires Farmers for the year ended October 31, 1976, was up from £491,854 to £572,245, also a record.

After tax of £67,479 against £61,643, the net profit emerged at £504,766 compared with £430,211.

After allocations totalling £519,000 (£420,000), the balance carried forward is £51,444 against £65,678.

Mr. D. C. A. Quinney, the chairman, says that the results are very satisfactory against the background of continued high inflation and difficult trading conditions.

There has been real growth in volume terms in all departments, members are told, with an increase of over 11 per cent. in the society's own manufactured

Strong base for Corn Exchange

IN HIS ANNUAL statement to members of The Corn Exchange Co., Mr. R. E. Goodfellow, the chairman, says that the company has emerged from 1976 substantially stronger financially.

As reported on January 22, 1977, the company recorded its eighth successive increase in pre-tax profit with a rise from last time's £249,896 to £315,512 for the year ended December 31, 1976. Income increased from £390,934 to £502,246, and from earnings up from 4.2p to 6.37p per 10p share, dividends totalling 1.7875p net (1.625p) were paid.

Less than one per cent. of the company's available office space is currently unlet, members are told. Mr. Goodfellow says that this fact, coupled with the company's very small amount of loan capital, enables him to predict with some confidence satisfactory future prospects and continued financial growth.

At the year end, Brandts Second Nominees held 12.3 per cent. of the capital.

Meeting, 2, Seething Lane, E.C., March 10 at 11 a.m.

Life Assoc. of Scotland bonus

The Life Association of Scotland, a member of the Nationale Nederlanden Group, has announced increased reversionary bonus rates for 1976 on most classes of with-profit pension business. Under new code pension schemes and self-employed contracts, the rate is lifted to £4.25 per cent. of the basic sum assured or premium plus attaching bonuses from £4 per cent. in 1975. For group pension contracts, the cash bonus, paid as a deduction from premiums, under the Cash Bonus Plan, is raised to £1.50 per cent. of reserves held (£1.40) and under the Long-Term Accumulation System, the bonus rate of interest is 7.5 per cent. compound compared with 7 per cent. in 1975.

However, all bonus rates under individual whole life and endowment assurance business remain unchanged at the previous rates of £4 per cent. compound for reversionary bonuses and 10 per cent. of attaching bonuses for terminal bonuses.

Moran Tea sees increase

At the recently resumed annual meeting of Moran Tea Holdings, Mr. B. G. McCraith, the chairman, said that the final crop for 1976 was substantially up on 1975. The figures were 2,816,000 kgs in 1976 compared with 2,636,000 kgs in 1975, and a record.

Sales to the end of December were: London: 646,000 kgs with an average of 115.27p per kg (731,293 kgs at 61.75p), and in Calcutta: 706,600 kgs at 94.18p (430,000 kgs at 71.46p).

The total of these sales represented 48 per cent. of the crop compared with 44 per cent. in 1975, Mr. McCraith said.

He went on: "The prices currently being realised are most encouraging and I expect will continue about this level, resulting in a considerable increase in profits in the current financial year."

On the agreed bid for Litchfield and Soundy, the chairman said he was sure this company would add considerably to the build up

BIDS AND DEALS

York Trust merger with Maurice James

York Trust and Maurice James, which share a common chairman, Mr. Maurice James, have agreed terms for a merger.

Before the terms were announced, York Trust, which has a 27 per cent. stake in Maurice James was capitalised at £620,000 and Maurice James, which in turn holds 29.5 per cent. of York Trust, was valued at £1.27m.

Terms of the offer are two York Trust shares, plus 10p nominal of a 10 per cent. unsecured loan stock 1982 of York Trust and 7p in cash for each Maurice James share.

York Trust fell 2½p to 7p on the news on Friday valuing the equity part of the offer at 14p a James share, while Maurice James rose 1p to 24p.

The directors of James and their family interests are recommending the offer and are accepting in respect of 31.5 per cent. of James.

The 7p a share cash consideration takes account of a dividend at 2p a share which James' Board would have expected to recommend in respect of 1976.

The Boards of both companies expect profitability of the combined operation in the future will exceed that of James alone in 1976 and expect to pay an interim dividend on the enlarged capital in December, 1977.

York Trust recently reported an interim loss to September, 1976, of £130,000 and Mr. Maurice James forecast "a material loss" for the full year.

York has not paid a dividend since 1971 and its major investment, apart from the James holding is a 26.5 per cent. holding in George Oorland in which Oliver Jessel has a 20 per cent. stake.

Maurice James by contrast made a pre-tax profit of £370,000 in its last year and is forecasting a similar amount for the current year.

businesses will materially contribute to advancing its stated policy and release funds for investment at a time when "good investment opportunities abound for selective purchaser."

WCB PROPOSAL TO GUINNESS

White Child and Beney, fighting off a hotly contested bid from Arthur Guinness which is due to close to-day, has offered to place Guinness' 47 per cent. stake in the market at a price slightly below the current offer of 65p a share cash.

Guinness, which ended up with a large stake in WCB after an unsuccessful bid in 1974, has said that one reason for not placing this holding before was partly for fear of making a loss because of a lack of institutional interest in the group. WCB has only one institutional shareholder, Eagle Star, with just under 3 per cent. of the equity.

The brewers, which in addition did not want to see their stake reduced by the proposed 25 per cent. participation of National Enterprise Board, has also warned that it would sell its stake if it did not win control.

To counter this WCB's advisers, J. Henry Schroder Wagg and brokers, Philips and Drew, approached the Guinness side last Wednesday with an offer to place the entire Guinness holding with institutions.

Mr. Richard Beney, chairman of WCB, made it clear yesterday that this latest move was not simply an expedient to aid Guinness in the event of its not winning control, but was intended to apply to whatever level of acceptances was achieved by the brewers.

Last week, WCB's share price closed at 66p, a shade higher than the Guinness cash offer of 65p and the share alternative of 64p with Guinness closing at 128p.

WINN INDUSTRIES DISPOSALS

Winn Industries is seeking the consent of shareholders to sell three of its smaller businesses for total of £137,000 cash, as part of its rationalisation policy.

The caravan manufacturing business of F. G. Bailey is to be sold to Mr. P. N. Houard, its managing director, for £50,000 cash. The glazing business of John Bishop and Son is to be sold to its managing director, Mr. C. E. Day, for some £60,000 and P. Barwin (International), an import agency, is to be sold to its managing director, Mr. R. M. Brunner, for £27,000. The Board considers that disposal of these

LEADERFLUSH

Mannin Investment Trust, of the Isle of Man, which is currently claiming damages against a former director of Leaderflush, Mr. Pierot Gilardi, for his refusal to complete a purchase of a 20 per cent. stake in Leaderflush last summer, has sold its stake to a Mr. C. W. Athaide, of Edmonton, Canada.

TAYLOR WOODROW/ING. BONO LINK

Taylor Woodrow has agreed a link-up with Ing. Bono of Milan, Italy's leading manufacturer of thermal fluid systems equipment.

ILLEGAL MINERS ON S. KINTA'S THAI TIN LEASE

Following last week's news that Southern Kinta's Takuapa offshore tin dredge in Thailand resumed operations on January 6, the company states that the resumption became possible following the granting of a sublease over one of the mining leases previously being worked.

It is added that the reserves remaining in this sublease area indicate a possible life of only 11 months for the dredge, but the successful mining even of those reserves is dependent on the clearing of illegal mining craft which are still present in very large numbers.

The sub-lessor has informed the company that he expects shortly to obtain renewal of the remainder of his leases following which he will renew the company's sub-leases, and the dredging life of the area will therefore be extended. However, the Southern Kinta believes that effective operations must largely depend on the Government's ability to clear the area of illegal miners.

CANADIAN INV.

The capital gains dividend of $0.05 (Canadian) per share of Canadian Investment Fund, to be paid on February 25, 1977, in stock—unless cash is specifically requested—will be made to the extent of full shares valued at their net asset value at the close of business on February 4, namely $4.07 a share. Any amount payable to a shareholder which is less than the value of a full share will be made in cash.

The Inland Revenue has so far ruled that if the dividend is accepted in stock, it is not assessable for tax.

INSURANCE BASE RATES

† Property Growth	12 %
Cannon Insurance	12 %

† Address shown under Insurance and Property Bond table.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Indian Electronic Components Exhn. (cl. Mar. 31)	28-30, Cork Street, W.1
Current	Welsh Gift Fair (cl. Feb. 17)	Cardiff
To-day	Photography at Work Exhibition (cl. Feb. 17)	Wembley Conf. Centre
Feb. 15—16	Spring Research and Manufacturers Exhibition	Sheffield
Feb. 24—Mar. 6	Boat and Leisure Life Show	Nat. Exhn. Centre, B'ham
Feb. 28—Mar. 4	International Men's and Boys' Wear Exhibition	Earls Court
Mar. 1—3	Scottish Engineering Exhibition	Glasgow
Mar. 1—3	National Stamp Exhibition	New Horticultural Hall
Mar. 2—26	Quality by Design Exhibition	Design Centre, S.W.1
Mar. 7—11	Scientific & Laboratory Equip. & Supplies Exbn.	Nat. Exbn. Centre, B'ham
Mar. 8—11	Licensed Hotel Catering Exhibition	Metropole Centre, Brighton
Mar. 8—Apr. 2	Daily Mail Ideal Home Exhibition	Olympia
Mar. 14—17	National Carpet Fair	Blackpool
Mar. 14—17	Industrial Security Equipment Exhibition	U.S. Trade Center, W.1
Mar. 14—18	International Packaging Exhibition	Nat. Exbn. Centre, B'ham
Mar. 15—17	Temperature Measurements and Control Exbn.	Wembley Conf. Centre

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	International Motor Show (cl. Feb. 20)	Amsterdam
Current	International Building Exhibition (cl. Feb. 20)	Brussels
Current	Helsinki Boat Show (cl. Feb. 20)	Helsinki
Current	International Toys and Games Exbn. (cl. Feb. 18)	Paris
Feb. 15—17	Personal Communications Exhibition	Las Vegas
Feb. 16—22	African Fisheries Exhibition	Dakar
Feb. 16—23	International Food Fair	Brunn
Feb. 18—27	Motorcycle Exhibition	Brussels
Feb. 18—27	International Toy Fair	Valencia
Feb. 19—27	International Technical Fair of Textile Machinery	Barcelona
Feb. 22—25	International Leather and Footwear Exhibition	Zagreb
Feb. 24—Mar. 6	International Boat Show	Stockholm
Feb. 27—Mar. 3	International Spring Fair	Frankfurt
Mar. 1—6	Intl. Electrical, Electronic and Automation Exbn.	Bilbao
Mar. 4—8	International Footwear Fashion Exhn.	Bologna
Mar. 4—9	Hotels, Caterers, Bakers International Exbo	Hamburg
Mar. 6—10	International Spring Fair	Utrecht
Mar. 6—13	International Agricultural Show	Paris
Mar. 7—13	Spring Clothing Fair	Belgrade
Mar. 8—12	International Footwear Fair	Elda
Mar. 10—16	Intl. Construction Machinery Fair	Munich
Mar. 15—24	British Industrial Exhibition	Caracas

BUSINESS AND MANAGEMENT CONFERENCES

Feb. 15	BIM: Pay Strategy for Industrial Recovery	Europa Hotel, W.1
Feb. 15—16	Conf. Communication: Condition Monitoring	Royal Lancaster Hotel, W.2
Feb. 15—16	Assoc. Cert. Acc.: Corporate Planning	Chiltern-Ford Hotel, W.1
Feb. 15—16	Oyez: Anti-Trust and Trade Regulation	Inn on the Park, W.1
Feb. 15—17	Keith Shipton: Effective Risk Management	Amsterdam
Feb. 16	Graham and Trotman: Cutting Fuel Costs	Cafe Royal, W.1
Feb. 16	Marchmont: Personal Tax Saving for Directors	Royal Garden Hotel, W.8
Feb. 17	Henley Centre: Forecasting Systems	Carlton Tower Hotel, S.W.1
Feb. 17	Engineering Inds. Assoc.: Unfair Dismissal	Cafe Royal, W.1
Feb. 17	Scottish Business School: Bullock Report	Glasgow
Feb. 20—25	Rabvale: Bullock—The Future of Your Company	Cumberland Hotel, W.1
Feb. 21—23	Bradford Univ.: Fin. Control of Research and Dev.	Heaton Mount, Bradford
Feb. 22	CBI: French Language Law for Exporters to France	CBI Council Chamber, S.W.1
Feb. 22—23	New York Univ.: Euro-American Commodities	London Hilton, W.1
Feb. 22—23	Treoton: Advertising and Marketing Conf.	Cunard Hotel, W.6
Feb. 23	Concrete Soc.: Middle East Construction	Newcastle
Feb. 23	Interface: General Man. Practical Statistics	Post House, Reading
Feb. 23—24	Financial Times, Investors Chronicle, The Banker, The Future for the Eurodollars	Royal Lancaster Hotel, W.2
Feb. 23—24	Weisweiller Adfos: Exchange Control	The White House, N.W.1
Feb. 23—25	MCE: International Company Lawyers' Conference	Portman Hotel, W.1
Feb. 24	WTI: Finance of Exports	World Trade Centre, E.1
Feb. 24	ILP: Overseas Earnings from Outward Licensing	Queen Mary College, E.1
Feb. 24—26	Frank Jeffries: Maximising Press Coverage	Connaught Rooms, W.C.2
Feb. 24—25	Manufacturing Optics Int.: Ophthalmic Symposium	Royal Garden Hotel, W.8
Feb. 25	Br. Productivity Council: Organising Conferences	Metropole Hotel, W.2
Feb. 27—Mar. 4	IPM: The Management Development Process	Clive Hotel, N.W.3
Feb. 28—Mar. 1	Financial Times, Institut der Wirtschaftsprufer in Deutschland e.V.: European Tax Conference 1977	Munich
Feb. 28—Mar. 4	P-E Cons. Group: Statistical Quality Control	Training Centre, Egham
Mar. 2—3	Lamsac: Corporate Man. Dev. in Local Government	Manchester
Mar. 2—4	CENECA: Agriculture and Frozen Foods	Paris
Mar. 3	ICMA: Industrial Relations	Britannia Hotel, W.1
Mar. 3	Interbank Research Org.: Finance Houses	Moor House, E.C.2
Mar. 3	Forbes: Consumer Affairs—Threat or Opportunity	Royal Garden Hotel, W.8
Mar. 7—11	Kepner-Tregoe: Decision Making for Senior Man.	Heathrow Hotel
Mar. 8	Eng. Emp. Assoc.: The Law and the Supervisor	Bristol
Mar. 8—9	BACIE: Situation Report Conference	London Hilton, W.1
Mar. 8—9	MTC: Successful Office Supervision	Leicester
Mar. 9	Inst. Chartered Accountants: Exchange Control	Chtr. Accts. Hall, E.C.2
Mar. 10	Shirley Institute: Energy Savings in Textiles	Manchester
Mar. 10—11	Financial Times, La Repubblica, Alitalia, Investors Chronicle: European Business Forum	Rome
Mar. 13—16	Wales International: General Management	Cheltenham
Mar. 14	Dunchurch Ind. College: Project Management	Rugby
Mar. 15	IBA: Financial Communication in Industry	London Hilton, W.1
Mar. 17	Inbucon: Transactional Analysis	Barrington House, E.C.2

This week in Parliament

TODAY: Commons — Jobs Release Bill, second reading. Social Security (Miscellaneous Provisions) Bill, remaining stages.

Select Committees—Expenditure general sub-committee. Subject: Developments in the Civil Service since the Fulton report. Witness: Sir John Hunt, Secretary of the Cabinet. (4.15 p.m. Room 8). Expenditure, Education, Arts and Home Office sub-committee. Subject: The attainments of the school leaver. Witnesses: City and Guilds Institute of London: National Foundation for Educational Research. (4.15 p.m., Room 13).

TOMORROW: Commons — Scotland and Wales Bill, committee stage.

Lords—Patents Bill, committee. Public Lending Right Bill, second reading. Passenger vehicles (experimental areas) Bill, second reading.

Select Committee—Nationalised Industries sub-committee A. Subject: British Rail. Witnesses: British Railways Board (4 p.m., Room 8).

WEDNESDAY: — Commons — Scotland and Wales Bill, committee stage.

Lords—Debate on the Snowdon working party report on the integration of the disabled. Debate on the Court Committee's report on child health services. Unstarred question on adequate supplies of qualified teachers on religious education.

Select Committees—Nationalised Industries sub-committee C. Subject: Horserace Totalisator Board. Witnesses: Home Office officials; Dr. Shirley Summerskill, MP. (4 p.m., Room 8). Expenditure, Education, Arts and Home Office sub-committee. Subject: The attainments of the school leaver. Witnesses: TUC (4.15 p.m., Room 15). Science and Technology committee. Japan sub-committee. Witness: D. S. Davies, General Manager, Research and Development, ICI. (10.30 a.m., Room 1[illegible]).

THURSDAY: — Commons — Debate on standard in education followed by debate on unemployment in the South West. Motion on the British Railways Board (Increase of Compensation Limit) Order.

Lords—Torts (Interference With Goods Bill) report; Northern Ireland (Local Elections) Order 1977; Criminal Damage (Northern Ireland) Order, 1977; Debate on the development in the European Communities, May to November 1976, and on the special report of the European Communities committee. Unstarred question on the electricity supply industry and off-peak tariffs for domestic space heating.

FRIDAY: — Commons — Private Members Bills.

Pending dividends timetable

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year		Date	Announcement last year
...ight and Wilson	Feb. 16	Final 12.6%	*Lloyds Bank	Feb. 18	Final 6.2%
...ed Insulators	Feb. 22	Final 3.7%	Lond. Merchant Securities	Jan. 18	Int. due
...al Metal	Mar. 11	Final 13.65%	*Marchwiel	Mar. 29	Final 25%
...American Group	Mar.	Dividends	Mather and Platt	Mar. 13	Final 10.45%
...Equipment	Mar. 2	Int. 10.15%	*Midland Bank	Mar. 4	dec. int. 11.2%
...Properties	Feb. 10	Final 5.1%	*NatWest	Mar. 1	Final 5.4%
...	Mar. 22	Final 12.4%	Newpeed	Feb. 26	Int. 3%
...Bank	Feb. 24	Final 7.2%	Paterson Zochonis	Mar. 16	Final 20.37%
...Ferland	Feb. 15	Final 10.1%	Peachey Property	Jan. 17	Final 1.3%
...Newspapers	Mar. 18	Int. nil	Pentos	Mar. 18	Int. 22.6%
...(J.)	Mar. 18	Final 6.03%	Provident Financial	Mar. 4	Final 15.3%
...Eskalon	Feb. 25	Final 1.5%	Ransomes Sims	Feb. 26	Final 7.1%
...Petroleum	Mar. 18	Final 12.06%	Redland	Jan. 16	Int. 5.7%
...	Mar. 7	Final 25.57%	Rowntree	Mar. 17	Final 15.7%
...Vitelle	Feb. 16	Final 7.5%	Royal Dutch Pet.	Mar. 11	Final 25%
...Ind.	Feb. 26	Int. 4.1%	*Royal Insurance	Mar. 1	Final 49.5%
...Dewandre	Mar. 29	Final 21.49%	Rugby Portland Cement	Mar. 15	Final 9.065%
...Union	Feb. 28	Final 26.88%	Shell Transport and Trading	Mar. 11	Final 41.71%
...	Mar. 16	Final nil	Smith Bros.	Feb. 8	Final 3%
...	Mar. 9	Final 9.23%	*Steetley	Mar. 9	Final 20%
...Brot.	Feb. 18	Final 12%	Telefusion	Mar. 16	Int. 15.29%
...Gold	Mar. 12	Final 60%	*Transport Development	Mar. 16	Final 11.79%
...	Feb. 23	Final SHK0.42	*Tube Inv.	Mar. 18	Final 7.4%
...	Feb. 23	Final 40.2%	Unilever Ltd.	Mar. 2	Final 21.81%
...(Alex.)	Feb. 24	Final 22.33%	Unilever NV	Mar. 2	Final 12.57%
...	Feb. 24	Final 7.5%	Union Corp. Group	Mar.	Dividends
...	Feb. 22	Final 8.9%	Utd. Biscuits	Mar. 9	Final 8.17%
...(John)	Feb. 16	Int. 6%	Western Mining	Mar. 5	Int. 5%
...Bessen	Mar. 15	Final 12.6%	Wolseley-Hughes	Mar. 28	Int. 14.92%
...Elliot	Mar. 14	Int. 8.5%	Woolworth (F. W.)	Feb. 27	Final 14.6%
...Debenture Corp.	Feb. 17	Final 13.748%			
...	Mar. 12	Int. nil			

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

Public Works Loan Board rates

* Non-quota loans B are 1 per cent. higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Equal repayments.

Effective from February 5, 1977

Years	Quota loans repaid by EIP†	by EIR‡	at maturity	Non-quota loans A* repaid by EIP†	by EIR‡	at maturity
Up to 5	12¾	12¾	12¾	13¾	13¾	13¾
Over 5, up to 10	12¾	12¾	13¼	13¾	13¾	14¼
Over 10, up to 15	13¼	12¾	14	13¾	14¼	14¼
Over 15, up to 25	13¾	13¾	14¼	14	14¼	14¼
Over 25	14¼	14¼	14¼	14¼	14¼	14¼

RECENT ISSUES

EQUITIES

Issue Price p.	Amount Paid up	Latest Renunc. Date	1976/77 High	Low	Stock	Closing Price p.	+ or –	Div.	Times Covered	Gross Yield	P/E Ratio
Nil	F.P.	—	3	6	Amalgamated Stores	5½	–1	—	—	—	—
	F.P.	—	51½	48	Harrison & Holdgs. 10p	50	–1	7.6	—	9.5	—
	F.P.	—	5	488	Hottney Warrants	500	—	—	—	—	—
	.P.	—	£35½	£26½	Old Technologies	£27½	+¼	Q8.70	—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1976/77 High	Low	Stock	Closing Price	+ or –
	F.P.	16/2	£105	£87½	Adams Foods Ln. Conv. 1981-84	105	
	F.P.	—	99⅞	99⅞	Agric. Mort. 12% Bds. 1978	99⅞	
	F.P.	—	99⅞	99⅞	Agric. Mort. 12% Bds. 1979	99⅞	
	F.P.	—	101⅜	101⅜	Agric. Mort. 13½% Bds. 1980	101⅜	
	F.P.	—	101¼	101¼	Agric. Mort. 13½% Bds. 1981	101¼	
	F.P.	—	101½	101½	Agric. Mort. 14% Bds. 1981	101½	
	F.P.	—	102⅝	102⅝	Agric. Mort. 14½% Bds. 1982	102⅝	
	Nil	—	32½	32½	Amalgamated Stores 6½% Conv.	32½	
	F.P.	19/1	98	94	Dunford & Elliott 10% Conv. Red. Pref.	98	
	F.P.	28/1	98½	96½	Essex Water 9% Red. Pref. 1982	98½	
	£10	1/4	14½	10½	Mid Kent Water 9% Red. Pref. 1984	14	
	F.P.	11/2	62	62	Newman Inds. 11% Cum. Pref.	62	
	F.P.	7/1	8½	8½	Nationwide Bldg. Soc.	8½	
	F.P.	7/1	9½	8½	Pentring Hundred Works 11% Red. Pref.	9½	
	F.P.	7/1	77	71	Whit Fisher 7% Conv. Pref.	77	

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1976/77 High	Low	Stock	Closing Price p.	+ or –
	Nil	15/3	32	22	A.N.Z.	28	–2
	Nil	25/3	31½	390	Broken Hill Props.	595	–15
	F.P.	12/1	128	92	Bitter Int'l.	128	
	Nil	—	1½	1	Slandarand	1½pm	–1
	Nil	—	4	150	National Bank of Australasia	205	–2
	F.P.	17/12	18	10	Websters Publications	18	+½
	F.P.	—	111	98	Western Mining	111	–1

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. § Issued by tender. ¶ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. †† Tender allotment price. ¶ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ||| Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). • Provisional or partly-paid allotment letters. ★ With warrants. ◆ After suspension. † Kuwait Dinar.

Indian coal for EEC

BY K. K. SHARMA

NEW DELHI, Feb. 13.

THREE MORE countries from the EEC—Italy, Germany and Holland—have placed orders for Indian coal. Belgium, Denmark and France already import coal from India.

Italy has ordered 200,000 tonnes while Germany and Holland have ordered 25,000 tonnes and 20,000 tonnes respectively. The first shipment for Italy will be at the end of this month. The first trial shipment of Indian coal went to Belgium in June last year and this was followed by orders from France and Denmark.

Coal exports from India to the Community countries are expected to expand substantially this year. A delegation of the public sector Coal India Limited and the Metal and Minerals Trading Corporation is now in Europe to negotiate contracts for export of 1.5m. tonnes of coal in 1977-78 and for a similar quantity in 1978-79.

BASE LENDING RATES

A.B.N. Bank	12½%	■ Hambros Bank	12½%
Allied Irish Banks Ltd.	12½%	■ Hill Samuel	§12½%
American Express Bank	13%	C. Hoare & Co.	†12½%
Anglo-Portuguese Bank	13%	Julian S. Hodge	13½%
Henry Ansbacher	13%	Hongkong & Shanghai	12½%
Banco de Bilbao	12½%	Industrial Bank of Scot.	12½%
Bank of Credit & Cmce.	12½%	Keyser Ullmann	12½%
Bank of Cyprus	13%	Knowsley & Co. Ltd.	14%
Bank of N.S.W.	12½%	Lloyds Bank	12½%
Banque du Rhone S.A.	13%	London & European	13%
Barclays Bank	12½%	London Mercantile	12½%
Barnett Christie Ltd.	14%	Midland Bank	12½%
Bremar Holdings Ltd.	13%	■ Samuel Montagu	12½%
Brit. Bank of Mid. East	12½%	■ Morgan Grenfell	12½%
Brown Shipley	12½%	National Westminster	12½%
Canada Permanent AFI	12½%	Norwich General Trust	12½%
Capitol C & C Fin. Ltd.	14%	P. S. Refson & Co.	12½%
Cayzer, Bowater Co. Ltd.	13%	Rossminster Accept'cs	12½%
Cedar Holdings	13%	Royal Bk. Canada Trust	12½%
Charterhouse Japhet	12½%	Schlesinger Limited	12½%
C. E. Coates	13½%	E. S. Schwab	13%
Consolidated Credits	12½%	Security Trust Co. Ltd.	14%
Co-operative Bank	*12½%	Shenley Trust	14%
Corinthian Securities	12½%	Standard Chartered	12½%
Credit Lyonnais	12½%	Trade Development Bank	12½%
G. R. Dawes	13%	Twentieth Century Bk.	14%
Duncan Lawrie	12½%	United Bank of Kuwait	12½%
Eagil Trust	12½%	Whiteaway Laidlaw	13%
English Transcont.	13%	Williams & Glyn's	12½%
First London Secs.	12½%	Yorkshire Bank	12½%
First Nat. Fin. Corp.	16%		
First Nat. Secs Ltd.	16%		
Goode Durrant Trust	12½%		
Antony Gibbs	12½%		
Greyhound Guaranty	12½%		
Grindlays Bank	‡12½%		
Guinness Mahon	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month deposits 9½%.
† 7-day deposits on sums of £10,000 and under 9%, up to £25,000 9¾% and over £25,000 10%.
‡ Demand deposits 10%.
§ Call deposits over £1,000 9%.

INTERNATIONAL COMPANY NEWS

Exchange rates hit Landis & Gyr

BY JOHN WICKS

ZURICH, Feb. 13.

THE HIGH LEVEL of the Swiss franc exchange rate had an "extremely unfavourable" effect on foreign sales of the Swiss electrical engineering concern Landis and Gyr in the past financial year. The group, about half of whose production takes place abroad, also exports some 80 per cent. of its Swiss manufacture.

At a Press conference of the parent company, Landis and Gyr AG, Zug, it was stated that group turnover for the year ended September 30, 1976, would have been some Sw.Frs.60m. above the actual level of Sw.Frs.907.8m. had exchange rates remained unaltered, while currency losses amounted to Sw.Frs.7.4m. in operating results.

Landis and Gyr, which for the "first time in decades" had last year to adopt national-currency billings, is also affected by the continued low level of building activity in most European countries, though it profited in 1976 from both increased energy-saving measures and from a certain replenishment of customers' stocks. As already reported, group billings rose 5 per cent. over the financial period and new orders by 9 per cent.

Although the group returned to profits in the 1975-76 financial year, with a small net surplus of Sw.Frs.1m. compared with the Sw.Frs.34.2m. loss of the previous year, the parent undertaking considers that it will call for a great effort to return to normal profitability. In the years from 1970 to 1974, annual group profits exceeded Sw.Frs.40m. The company expresses its conviction that a return to normal will be possible over the two coming years in the light of energy consumption control measures and a resultant demand for major group products.

For the past year, Landis and Gyr is to repeat the 1974-75 dividend of 6 per cent. on shares and participation certificates. This compares with a 12 per cent. payment for the pre-recession year 1973-74. The company is now envisaging a guideline for dividends of below the former 15 per cent. of equity and when normal profit conditions are restored will probably distribute 10 per cent. rather than the earlier 12 per cent. standard, but with a resumption of rights issues.

For the first three months of the current financial year 1976-77 business is proceeding as foreseen and should lead to an improvement in profits if it continues along these lines. Investments are to be rather above the 1975-76 group total of Sw.Frs. 27.6m., though they will be mainly centred on rationalisation projects.

Ferodo parent sales to rise sharply

By David Curry

PARIS, Feb. 13.

FERODO, the French motor component manufacturer, says that parent company sales will be more than 25 per cent. up in 1976 over 1975 at Frs.1.543bn., helped by a 43 per cent. boost in exports.

Profits will be up by an even higher amount, the company says in a shareholders' letter. Group profits will have risen equally strongly on consolidated sales of about Frs.2.6bn., while cash flow will be equivalent to 8 per cent. of turnover.

The company notes that cost controls have kept down the rise in overheads while raw materials have also cost relatively less than the rise in turnover. Depreciation remained relatively modest, reflecting the 1974 and 1975 postponement of investments.

The French subsidiaries of Ferodo including the group Sev Marchal, have bounced back with a 28 per cent. sales advance and will be in profit in 1976.

Ferodo is involved in the regrouping of the French motor component industry. Its SEV Marchal subsidiary held through the holding company, in which Ferodo has 70 per cent., is to merge with Paris-Rhone Cibie through a share exchange which will leave Ferodo in control of the country's biggest electrical motor equipment supplier with a turnover of more than Frs.2bn. a year and some 14,000 employees.

Although 1977 is expected to see a motor industry slowdown, Ferodo itself says that the extension of its range and its movement in new markets can maintain its expansion.

● Jacques Borel International said its 1976 net consolidated results are likely to show a loss of Frs.33m. (Frs.20.1m. profit).

Varta details reorganisation

By Guy Hawtin

FRANKFURT, Feb. 13.

THE VARTA Group to-day reported that world turnover last year rose by an overall 13 per cent. to DM2.12bn. ($512m.). At the same time it announced details of the reorganisation of the group into three separate concerns.

Varta, a major industrial holding of the Quandt Group, controls widely diversified operations. It is perhaps best known to battery manufacturers, but it is strong in pharmaceuticals and has substantial interests in electrical and air cleaning products, as well as plastics.

Shareholders at the June 16 annual meeting will be asked to approve proposals to exchange ten Varta AG shares for six shares in the newly-constituted battery manufacturing concern, six shares in the pharmaceuticals operation, Busch-Jaeger, and one share in Ceag, the electrical and air cleaning operation.

Money and Exchanges

Bank of England Minimum Lending Rate 12 per cent. (since February 3, 1977)

Conditions were less hectic in the London money market last week, but interest continued to centre around the weekly Treasury bill tender to see if the market related formula for calculating Bank of England Minimum Lending Rate would be reactivated.

The formula was suspended on Thursday of the previous week as a result of the authorities' apprehension about the rapid decline in London interest rates. At the Treasury bill tender the following day the average rate of discount was slightly under 11¼ per cent., giving rise to a Minimum Lending Rate of 11½ per cent., if the rate had not already been pegged at 12 per cent.

Discount houses buying rates for three-month Treasury bills remained around 11¼ per cent. throughout most of last week, giving little indication of whether the MLR formula could be reactivated, although by Thursday afternoon doubts were voiced in the market as to the likelihood of this happening.

The average rate of discount at the bill tender on Friday was reduced to 11.1696 per cent. from the previous 11.2286 per cent., and therefore the formula was not reapplied, with MLR remaining at 12 per cent.

The pattern of shortages of day-to-day credit in the market was very similar to the previous week, with Thursday again proving slightly less difficult than other days. Exceptionally large loans were made available to the discount houses on the first three days, but loans to the market on Thursday were described as extremely large. All the lending was overnight except for the exceptionally large amount on Friday which is repayable to-day. All the lending was technical and the authorities did not attempt to send any signal to the market at any time.

Although money remains in short supply the size of the shortage has decreased, partly because company tax payments are probably beyond the heaviest period and also because the authorities are not at present selling heavy amounts of gilt-edged stock.

Sterling remained steady at around the $1.71½ level for the most part, but the Bank of England may have intervened from time to time to arrest any sharp decline. Fears about trade union reaction to continued wage restraint tended to depress buying interest towards the end of the week, and one of the severest market reactions followed publication of the wholesale prices index on Monday. This indication of higher U.K. inflation led to steady selling of the pound, and the authorities probably intervened to prevent it falling below $1.7135-1.7140.

Sterling also fell fairly sharply on Friday morning, on signs of unrest about wages, touching a low point of $1.7115. Pressure was not heavy however and with support from the authorities the pound closed at $1.7120-1.7130, a fall of 25 points on the week.

The pound's trade-weighted depreciation since the Washington Currency Agreement, as calculated by the Bank of England, widened to 43 per cent. from 42.7 per cent.

The dollar's depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York, widened to 1.06 per cent. from 0.84 per cent.

Gold gained $2 to $134-134¾ on Monday, the highest level at that time since January 4. It continued to rise and closed at $136¼-137 on Wednesday following further speculative interest. It finished the week on a very quiet note at $134¾-135½, a rise of $2¾ from the previous Friday.

Feb. 11 1977	Sterling Certificates of deposits	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance House Deposit	Company deposits	Discount market deposits	Treasury bills Φ	Eligible Bank Bills Φ	Fine trade Bills Φ
Overnight	—	10-12¼	—	—	—	—	11½-12	—	—	—
2 days notice	—	—	12¼-12⅜	—	—	—	—	—	—	—
7 days or 7 days notice	—	12-12¼	12⅜-12½	—	12½-12¾	—	11⅞-12	—	—	—
One month	12⅛-12	12-12¼	12⅛-12¼	13⅛-12⅝	12¼-12¾	—	11¾-11⅞	11¹⁄₁₆	12⅛	13⅛-13
Two months	12-11⅞	12⅞-12¹⁄₁₆	—	12¾-12⅜	12½-12⅝	—	11½-11⅝	11⅛	11⅞-11¹³⁄₁₆	13
Three months	11¾-11⅝	11¾ 11⅞	11⅞-12	12¼-11¾	12-12¼	—	11¼-11⅜	11¹⁄₁₆	11⅝-11⅝	13-12⅞
Six months	11½-11⅜	11½ 11¹¹⁄₁₆	11⅞	12¼ 11¾	11⅝-12	—	—	—	11⅝	13-12¾
Nine months	11½-11⅝	11½ 11⅝	—	12¼-11¾	11⅝-12	—	—	—	—	—
One year	11½ 11⅝	11⅝ 11⅝	12¾-12⅞	12¼-11¾	11⅝-12	—	—	—	—	—
Two years	—	—	13⅛-13⅝	—	—	—	—	—	—	—

* Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 13¾ per cent.; four years 13¾-13⅞ per cent.; five years 13¾-14 per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅝ per cent.; four-month trade bills 13-12⅞ per cent.

Approximate selling rate for one-month Treasury bills 11 per cent.; two-month 11¹⁄₁₆ per cent.; and three-month 11⅛ per cent. Approximate selling rate for one-month bank bills 12 per cent.; two-month 11¹⁵⁄₁₆ per cent.; and three-month 11⁵⁄₁₆ per cent.; one-month trade bills 13-12⅞ per cent.; two-month 12⅞ per cent.; and also three-month 12⅞-12⅝ per cent.

Finance House Rates (published by the Finance Houses Association) 14½ per cent. from February 1, 1977. Clearing Bank Deposit Rates for small sums of seven days' notice 9 per cent. Clearing Bank Base Rates for lending 12½ per cent. Treasury bill average tender rates of discount 11.1696 per cent.

FOREIGN EXCHANGES

Feb. 11	Bank Rates %	Market Rates: Day's Spread	Close
New York	6¼	1.7115-1.7165	1.7120-1.7130
Montreal	8	1.7525-1.7560	1.7530-1.7540
Amsterdam	5	4.30-4.33¼	4.30½-4.31½
Brussels	8	65.05-65.55	65.10-65.25
Copenh'gen	10	10.17-10.22	10.19¾-10.19¾
Frankfurt	3½	4.11-4.14	4.11½-4.12¼
Lisbon	8½	65.50-65.85	65.60-65.75
Madrid	7	118.05-118.50	118.10-118.30
Milan	15	1,509-1,514	1,510¾-1,512¼
Oslo	8	9.05-9.08	9.06½-9.07½
Paris	10½	8.50¼-8.53¼	8.51½-8.52½
Stockholm	8	7.28-7.30½	7.28½-7.29½
Tokyo	8½	485-488	487¼-488¼
Vienna	4	29.25-29.50	29.30-29.40
Zurich	2	4.30-4.32½	4.30½-4.31½

‡ Rates given are for convertible francs. Financial franc 63.15-63.35.

OTHER MARKETS

		Notes	Rates
Argentina	511.85-512.15	Argentina	470-500
Australia	1.5655-1.5792	Austria	28½-30
Brazil	21.40-21.88	Belgium	63-65
Finland	6.54-6.60	Brazil	22½-25
Greece	63.185-64.770	Canada	1.76½-77½
Hong Kong	7.9775-8.00	Denmark	10.50-10.5
Iran	119-123	France	8.45-8.65
Kuwait	0.490-0.500	Germany	4.05-4.25
Luxembg.	65.10-65.25	Greece	70-73
Malaysia	4.2865-4.2925	Italy	1540-1640
N. Zealand	1.1891-1.8050	Japan	4.90-5.15
Saudi Arabia	6.06-6.10	Netherl'ds	430-445
Singapore	4.250-4.2710	Norway	9.05-9.25
S. Africa	1.4832-1.4894	Portugal	55½-61½
U.S. —		Spain	117-121
Canada		Switz'land	4.25-4.45
C$1 —		U.S.	1.71-1.73
U.S. cents	97.65-97.68	Yugoslav'a	55½-55½

Rate for Argentina is free rate.

GOLD MARKET

	Feb. 11	Feb. 10
Gold Bullion (a fine ounce)		
Close	$134¾-135½	$135¼-136
Opening	$135-135¾	$135½-135¼
Morning fix'g	$135.15 (£72.901)	$136.20 (£72.371)
Afternoon fix'g	$135.00 (£72.814)	$135.85 (£79.121)
Gold Coins domestically		
Krugerrand	138-140 (£80½-81½)	$138¾-140¾ (£81-82)
New Sov'r'gns	$45½-47½ (£23¾-27¾)	$46-48 (£27-28)
Old Sov'r'gns	$44-46 (£26-27)	$43-45 (£25½-26½)
Gold Coins (Internat'lly)		
Krugerrand	$138-140 (£80½-81½)	$138¾-140¾ (£81-82)
New Sov'r'gn	$45½-47½ (£26¾-27¾)	$45½-47½ (£26¾-27¾)
Old Sov'r'gns	$41½-43½ (£24¾-25¾)	$41½-43½ (£24¾-25¾)
$20 Eagles	$223-228	$225½-226½

EURO-CURRENCY INTEREST RATES*

Feb. 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term	12¼-12¾	4½-4⅝	7-8	6-6½	4-4¼	1⅛-1¼
7 days notice	2⅞-15½	4½-4⅝	7½-8½	6-6½	4-4¼	1¼-1½
Month	15⅛-13⅝	4⅞-5⅛	7⅞-8⅛	6⅛-6⅝	4⅛-4⅜	1⅜-1⅝
Three months	13¼-12¾	5-5¼	7⅞-8⅛	6⅛-6⅜	4⅛-4⅜	1½-1⅝
Six months	13-13½	5⅛-5⅜	7⅞-8⅛	6¼-6½	4⅝-4¾	1⅝-1⅞
One year	12¾-13¼	5-5¼	8-8¼	6⅜-6⅝	4⅞-5	2⅛-2⅜

Euro-French deposit rate: two-day 10¼-10¾ per cent.; seven-day 10½-10¾ per cent.; one-month 9¾-10 per cent.; three-month 10¼-10¾ per cent.; six-month 10¼-10¾ per cent.; one-year 11-11¼ per cent.

Longer-term Eurodollar deposits: two years 7¼-7⅝ per cent.; three years 7½-7¾ per cent.; four years 7¾-8 per cent.; five years 8-8¼ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 4¹³⁄₁₆-4¹⁵⁄₁₆ per cent.; three-month 4¾-5 per cent.; six month 5⁵⁄₁₆-5⁷⁄₁₆ per cent.; one year 5¾-6 per cent.

* Rates are nominal closing rates.
† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

EXCHANGE CROSS-RATES

Feb. 11	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Fr'nkfu't	—	2.4060 68	48.36-40	6.312-322	4.12-13	95.60 65	6.476-82
N. York	41.62 64	—	20.09-11	2.710-15	1.7110-7115	39.78 80	39.18 80
Paris	206.575 916	4.9765-9785	—	15.461 485	8.5045-5290	1.57.4 2	197.4 8
Brussels	15.34-37	36.92-95	7.42-44	—	65.19 30	14.77 70	14.65-69
London	4.11-12¼	1.712-713	8.51¼-2¼	65.10 25	—	4.20¼-1¼	4.20¼-1¼
Am'rd'm	104.525-575	2.5142 67	50.565 605	6.813-85	4.3085-3115	—	99.90 9
Zurich	104.57 87	2.5167 77	50.58 62	6.807-8150	4.3095-3130	99.82-89	—

U.S. $ in Montreal. U.S. $ = 1.0.37-38 Canadian cents.
Canadian $ in New York. C$ = 97.66 68 U.S. cents. U.S. $ in Milan 883.00-885.50.
Sterling in Milan 1511.00-1512.00.

FORWARD RATES

	One month	Three months
New York	1.27-1.17 c. pm	3.77-3.67 c. pm
Montreal	0.95-0.85 c. pm	2.75-2.65 c. pm
Amst'dam	3-2 c. pm	8⅜-7⅜ c. pm
Brussels	35-20 c. pm	95-80 c. pm
Cop'nhg'n	1½-2½ ore dis	1-3 ore dis
Frankfurt	5-4 pf. pm	9⅝-8⅝ pf pm
Lisbon	20c. pm-05c. dis	20c. pm-20c. dis
Madrid	20-100 c. dis	160-260 c. dis
Milan	10-20 lire dis	35-55 lire dis
Oslo	4¼-2¼ ore pm	10½-2½ ore pm
Paris	2½-1½ c. pm	6½-5½ c. pm
Stockh'lm	1 ore pm-1 ore dis	5½-1½ ore pm
Vienna	18-8 gro pm	49-38 gro pm
Zurich	4⅜-3⅜ c. pm	13¼-12¼ c. pm

Six-month forward U.S. dollar 6.60-6.70c pm and 12-month 11.15-11.25c pm.

SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Feb. 11	Feb. 10
Sterling	0.67489	0.675304
U.S. dollar	1.15542	1.15553
Belgian franc	42.5654	42.5622
Deutschemark	2.77681	2.77697
French franc	5.74572	5.74443
Italian lira	1019.36	1012.55
Japanese yen	—	330.77
Dutch guilder	2.90561	2.90574
Swedish krone	4.92177	4.92082
Swiss franc	2.90557	2.20292

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

MINING NOTEBOOK

Wolfram shines in Peko mineral spectrum

BY LODESTAR

LAST WEEK the strength of the wolfram price was commented on here. It is still rising. At about $173 per metric ton unit, it has now doubled over the last year. Bets are already being laid that the $200 mark will be reached before long.

At the same time attention was drawn to Australia's Peko-Wallsend as being often overlooked as a major producer of the steel hardening metal. Unfortunately a paragraph was omitted. This stated that the shares had the advantage of representing an interest in an established minerals producer while at the same time affording a stake in Australia's big uranium potential.

Undoubtedly, the Peko price would respond strongly to any go-ahead decision for the Ranger uranium project which at least has the political advantage of being an all-Australian venture.

In the meantime, Peko has caught the attention of a number of stockbrokers' analysts who take up the theme in rather more detail. Coal is stressed as another major profits growth area with a more than doubled output capacity by 1980 being planned.

Copper is a dull spot in Peko's broad mineral production spectrum but, as one analyst pointed out to me last week, the buoyancy of the income potential from the other elements therein gives a shareholder something of a free carried option on any further material rise in the copper price.

Simple reason

He underlined the present and future potential of the King Island wolfram operation on the basis of local knowledge, having worked there.

Why did you leave? I asked. The reason was simple. He could not stand the Bass Strait weather. But this did not dampen his enthusiasm for the mine itself.

In the very interesting World Mining Monitor, a new venture by the lively mining research team of London stockbrokers W. I. Carr, the verdict on Peko is that earnings could well treble by 1980 and that the shares, now 335p, "do not fully reflect this considerable growth potential."

They add that the short-term prospects have been enhanced by the Australian currency devaluation and the reduction in the coal export levy.

I can remember the time when I was being chided, and not very gently at that, for not being as enthusiastic as some shareholders in Australia's Metramar Minerals about the earnings prospects for the Blue Spec gold-antimony mine in Western Australia's Pilbara district.

Since then lack of cash has whittled down Metramar's stake therein to 15.85 per cent. and the mine reached production last May under the powerful guidance of the main participant therein, South Africa's Anglo American Corporation.

But, according to the latest advices from Perth, Blue Spec is still struggling to get out of the red.

This is due to what may be regarded as inevitable teething troubles in the height of a summer season which I know from a bygone series of sweat-soaked shirts can be described at the very least as hot.

And in this distant region it is not easy to overcome with normal speed the difficulties of treating a complex ore of this kind and in remedy mechanical breakdowns.

But when it comes down to the nitty-gritty for both the junior partners concerned, the other is Australian Consolidated Minerals, it is the exploration for further ore reserves at depth in what is otherwise an extremely short-life project that really counts.

A narrow intersection in the first hole at 430 feet has, I gather, given some encouragement in a six-hole drilling programme which should be proceeded with apace during the dry winter months.

Stale bulls of Metramar, now 13p, can do little more than hope that Blue Spec's viable life will consequently be extended into the kind of exercise that will win back the money expended on it with some measure of interest.

All shareholders in Tara Exploration, and that includes Noranda, Cominco, Charter Consolidated and Northgate Exploration, must be watching with goggle-eyed interest the extraordinary convolutions that are going on in the Irish Dail about the Bula affair.

Bula is the unquoted company which is endeavouring to exploit the shallow part of the big zinc-lead find at Navan originally made by Pat Hughes' Tara company which should bring the deeper part of the deposit to production by April or May.

The political argument is about what price the Irish Government should pay in order to add 24 per cent. to its "free" 25 per cent. stake in the Bula venture. It is prepared to settle for £9.5m.

But, as disclosed here in December, a Lazard Brothers assessment of the potential current worth of the whole project is only £7.75m., an assessment which at the time I said was in line with most mining thinking that I knew of.

Difficulty

Lazard's valuation price is "one which a willing, knowledgeable and prudent purchaser . . . would be prepared to pay a willing seller." It quite rightly takes into account the mining difficulties represented by the Blackwater River and the environmental opposition to an open-pit operation.

Technically, of course, Bula's portion of the deposit should be mined in conjunction with Tara's. This would make sound economic sense. Meanwhile, further developments in the political arena will be awaited with interest.

*

The shares of South African antimony producer Consolidated Murchison remain a depressed market at 445p, less than half the price of 920p last May when my verdict was that no one went broke by taking a worthwhile profit.

Until the difficulties being encountered in opening up the high-grade Athens shaft section of the mine are resolved no strong recovery in the shares seems likely.

But at least the disappointing December quarter profit is put into better perspective and that for the March quarter given a potential boost by the revelation that antimony concentrates shipped last quarter were not 4,863 tons as originally announced but only 3,839 tons.

The other 1,024 tons were loaded on January 1. So the revenue therefrom will come into the current quarter. This should give a brighter start to the 1977 results.

INSURANCE

Cause for congratulation

BY OUR INSURANCE CORRESPONDENT

IF THE INSURANCE Brokers (Registration) Bill continues to go forward (it had its Second Reading in the Commons a fortnight ago) the insurance broking community can congratulate itself on a notable achievement.

First, of having persuaded the Department of Trade and therefore the Government of the merits of self-regulation as set out in the consultative document on the Registration of Insurance Brokers printed in August but released only in November; second, of having directly or indirectly persuaded Mr. John Page, MP for Harrow West and certain other private members to sponsor the Bill and so preempt the discussion and consultation with consumer interests and with the underwriting side of the market that probably the Department envisaged as a necessary prerequisite to the introduction of a governmental Bill to give effect to the brokers' thoughts.

No one, I think, can deny that insurance broking in Britain can be a very unprofessional business.

Any citizen can open up an office or even work from home, style himself an insurance broker and do his best to persuade the public to consult him about the purchase of insurance, about which he knows nothing but from which he hopes to derive a living financed by the commission that insurers allow on the business placed with them.

In these circumstances there is a long-standing requirement that the insuring public be able to sort, so to speak, the sheep from the goats.

As the Bill stands there is to be a register of individual brokers and a separate list of broking firms—companies, partnerships and so on. The basic intent is that any broker with professional or practical qualification over a specified period of years who is in business when the Bill becomes law should be able to obtain registration, provided he has a good character.

But once the existing broking fraternity has been so registered, different and more stringent rules will be applied to determine future admissions.

Holland has a much smaller population than Britain and so far fewer insurance brokers.

Nevertheless, among the EEC countries the Dutch have evolved the most complicated system for the regulation and registration of brokers, with four categories, each having very precise standards.

In Holland, basically, entrants to the profession start at the bottom and work their way up. I do not suggest that a system as complex or as rigid as the Dutch is required here, and cannot think that this kind of regulation is compatible with the freedom that the intermediary has enjoyed in Britain so far.

But surely there is a case for phasing in a two-tier register, with the newly professionally-qualified broker, whatever his practical experience, beginning on the lower rung.

This brings me to professional standards. Clearly qualification by examination must sooner, rather than later, be of the essence. Whose examination? The Chartered Insurance Institute is the professional and educational insurance body for both brokers and insurers, and the best-equipped nationally to co-operate with the brokers in establishing professional standards, if the brokers are not prepared to use the present CII diplomas.

But in the Bill there is a hint of possible friction to come. While the Insurance Brokers' Registration Council is given power of approving and vetting educational institutions and diplomas (in Clauses 5 and 6), as is right and proper, the latter clause gives the council power to appoint paid visitors to such institutions. The feathers at CII headquarters in Aldermanbury must already be ruffled at the thought.

The Bill proposes establishing an Insurance Brokers Registration Council with 17 members. But 12 places will be nominated by the British Insurance Brokers' Association, so the council can scarcely in practice be independent of the association, though the two are to be separate entities.

Of the remaining five places, four are to be at the nomination of the Secretary of State, and to include an accountant, while one place, presumably to be filled by a lawyer, is to be at the nomination of the president of the Law Society.

Odd in these consumer-conscious times that no one is specifically to be nominated to look after policy-holders' interests. Not so odd, but also significant, is that the sponsors of the Bill have not thought it necessary to see that insurers, either company or Lloyd's representatives, have a voice on the council, even though it is on the commissions that they allow that brokers earn their livelihood.

Sunday Mail cleared

A STORY about international football match tickets being allocated to members of the Scottish Football Association council was not an invasion of privacy, the Press Council said.

The association complained that publishing personal telephone numbers had led to the public telephoning inquiries about tickets.

The Sunday Mail published the names, addresses and telephone numbers of the 47 council members who allocated themselves 85 tickets each for an international match between Scotland and England.

Mr. Clive Sandground, the editor, said the newspaper could not envisage that every one of the officials had 85 personal friends and acquaintances all wanting to go to the game.

The Press Council commented: "Once the distribution of tickets becomes a matter for public concern the people partaking in it are no longer entitled to privacy in this respect, but the Press Council is not saying that in every case a newspaper has the right to publish telephone numbers."

London tea sales

At the tea sales held in London last week 53,939 packages sold realised an average price of 120.89p per kilo compared with 117.24p at the previous sales and against 65.01p a year ago. Plain tea was quoted at 105p.

	No. of kilos	Average per kilo
African Highland Prod.	[illegible]	[illegible]
Assam Co.	[illegible]	[illegible]
Assam Frontier	[illegible]	[illegible]
Attaree Khat	[illegible]	[illegible]
Blantyre	[illegible]	[illegible]
Borelli	[illegible]	[illegible]
Chubwa	[illegible]	[illegible]
Dekhari	[illegible]	[illegible]
Doundi	[illegible]	[illegible]
Doom Dooma	[illegible]	[illegible]
Eastern Assam	[illegible]	[illegible]
Hope	[illegible]	[illegible]
Jamaina	[illegible]	[illegible]
Jhanzie	[illegible]	[illegible]
Jokai	[illegible]	[illegible]
Jorehaut	[illegible]	[illegible]
Kanan Devan	[illegible]	[illegible]
Kenya T. Co.	[illegible]	[illegible]
Kenya T. Dev.	[illegible]	[illegible]
Majuli	[illegible]	[illegible]
Moran	[illegible]	[illegible]
Pabbojan	[illegible]	[illegible]
Ruo Estates	[illegible]	[illegible]
Singlo	[illegible]	[illegible]
Sri Lanka SP	[illegible]	[illegible]
Tingri	[illegible]	[illegible]
Tukvar	[illegible]	[illegible]
Upper Assam	[illegible]	[illegible]

Stocks at February 4 amounted to 85,897 metric tons, compared with 85,856 metric tons a year ago. Converted at 48,308 kilos per package.

OVERSEAS MARKETS

EUROBONDS

BY TONY HAWKINS

New issues total $2.5bn.—top borrowers favour private placements

SIX WEEKS into the New Year, the volume of new issues—announced or completed—is running at more than $2½bn. in U.S. dollar, Deutschemark and Canadian dollar issues. This is slightly more than the total of completed issues in the first two months of 1976, primarily due to a higher level of activity in the Deutschemark market.

In the first two months of 1976 D-mark issues were worth less than $250m., whereas they are running in the region of $450m. so far this year. Dollar issues completed — estimated at just over $1.8bn. in the first two months of 1976—are running at roughly the same level, if one assumes that issues still to be announced this month will only be completed in March. Canadian dollar issues are some $50m. lower than in the first two months on 1976, which is hardly surprising in the circumstances.

An important feature of the 1977 performance to date is the role of major private placements for corporate borrowers—$108m. for ICI, $200m. for Mobil and $300m. for Shell. This has been a welcome development for investors, starved during 1976 of top quality corporate names, but at the same time it is being interpreted—by some analysts at least — that interest rates and coupons really have bottomed out at long last after many false dawns. The fact that corporate treasurers in this top league are tapping the market now could well mean that in their view, at least, coupons are going to rise later in the year.

There are some fascinating contrasts. Mobil borrowed on terms which must have delighted the group's treasurers. Shell is coming on terms which, if anything, are a shade generous to the investor. Admittedly, it is a larger issue and placing $300m., as managers discovered last year with the EEC, is not done overnight.

All the signs are that the bulk of the Shell issue will be placed in Switzerland, primarily with the in-house clients of the Swiss Big Three—Swiss Bank Corporation, Credit Suisse and UBS—and also with the smaller Swiss houses. It seems unlikely that there is going to be much of a secondary market in the paper, since investors will not be able to obtain definitive bonds for six months and because the smallest denomination for bonds is $5,000 as against $1,000 for public offerings. (The Mobil placement had bonds with a $10,000 denomination).

From all accounts, the aim of both borrower and managers was that the secondary market operation should be limited with the bulk of the issue finding its way—fairly quickly—into firm hands. The relative generosity of the terms and the scarcity of top quality corporate paper should help ensure that these objectives are achieved.

Whether this is a welcome development so far as the international capital market is concerned is another matter. One view is that private placements are "private." There is no reason why they should not disappear into firm hands in Switzerland or elsewhere. The alternative view is that capital markets thrive on the liquidity (that is marketability) of their instruments. Deprive them of that quality and you threaten the whole system.

It is widely accepted by the Swiss Houses—as much as anyone—that a necessary adjunct to a strong primary market position is secondary market capacity and professionalism. One only has to look at the superior performance of issues managed by Kidder Peabody—Occidental, Gulf and Western and Williams and Glyn's—in a difficult market environment to appreciate this fact. Accordingly, the evolution of a system which relegates the secondary market to a truly "secondary" role has material drawbacks, whatever its attractions to borrower and manager.

Response to the Shell placing has been very good—hardly surprising in the light of the attractive conditions. The bulk of the issue will, undoubtedly, be placed with clients of the three major Swiss institutions.

New in the market to-day is the $50m. 12-year issue (8½ years average life) on an 8½ per cent. coupon for Saab-Scania of Sweden. It will be priced on February 22 and has a very impressive management group, encompassing the three main Swiss houses, Deutsche Bank and Salomon Brothers International. With that kind of placing muscle, it seems destined to go well.

Comparison with the Volvo issue is unavoidable. Both have an average life of approximately 8¼ years, with Saab offering an 8½ per cent. coupon as against only 8 per cent. for Volvo. Saab is a major manufacturer of passenger and commercial vehicles as well as producing aircraft and computers. Some 44 per cent. of its 1976 sales were outside Sweden.

An interesting new development is the $50m. deal for the Australian Shipping Commission managed by Deutsche Bank. It is what is called a Schuldschein deal over eight years on a fixed 8 per cent. coupon with an average life of four and a-half years. The loan is guaranteed by the Australian Government, but is not a bond issue and the smallest denomination is $10,000. It is the first such Schuldschein issue in dollar terms, according to market sources, though there have been many such D-mark issues. Its completion is just one other indication of the increasing sophistication of the market.

In the Yankee bond market Nippon Telephone and Telegraph is to borrow $150m. in a two-tranche issue of 5 and 7 year paper. There will be $100m. 5-year offering on an indicated yield of 7¼ per cent. and $50m. over 10 years (bullet) with an expected return of 8¼ per cent.

The Kingdom of Norway issue is standing at 98⅜/99⅜ (which incidentally is its low point). The secondary market performance has been a little difficult but this is hardly surprising in the light of the dismal New York bond scene since the New Year. It is a prime credit and one would expect it to rally before long.

CURRENT EUROBOND ISSUES

Borrower	Amount	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
DOLLAR BONDS	$m.						
Williams and Glyn's	40	1984	7	6¾ min.	100	Kidder, Peabody	—
Venezuela	100	1984	7	8	99¼	First Boston	8.10
ECSC	50	1982	5	7½	99	S. G. Warburg	7.50
Newfoundland	40	1989	9.81	9	*	CCF and A. E. Ames	—
Hitachi Zosen	30	1984	5.6	7½	*	S. G. Warburg and Nikko Securities	—
Volvo	35	1987	8¼	8	*	Merrill Lynch	—
Korea Dev. Bank	25	1982	5	9½	*	Westdeutsche Landesbank and Kuhn Loeb (Asia)	—
Shell International (Private Placing)	300	1987	10	7¾	100	Swiss Bank Corp., Credit Suisse White Weld, and UBS	7.75
Great Lakes Paper	20	1984	6.3	8½	*	Orion	—
Toyo Kanetsu	15	1982	5	7½	*	Yamaichi Securities and S. G. Warburg	—
Saab-Scania	50	1989	8¼	8½	*	Skandinaviska Enskilda and UBS (Securities)	—
CAN. DOLLARS	$m.						
Beneficial Finance	50	1984	7	9	99	Blyth, Eastman Dillon and Co.	9.20
CNR	60	1987	8.6	8½	*	Mcleod, Young, Weir, Greenshields Inc., and Salomon Brothers	—
SWISS FRANCS	SwFrs.m.						
Govt. of Singapore	50	1989	—	5½	99	UBS (Securities)	5.62
Philips Gloeilamp	80	1992	—	—	*	Credit Suisse	—

BONDTRADE INDEX

	Friday	1977 High	1977 Low
Medium	102.41	103.09	102.3
Long	94.78	95.15	94.6
Convertible	103.01	110.47	103.0

EUROBOND TURNOVER

Nominal Value $m.

Week ended Feb. 11	US$ Bonds	(previous week)	Others	(previous)
Cedel	730.9	(447.0)	228.6	(168.0)
Euroclear	627.1	(692.5)	221.3	(85.6)

Indices

NEW YORK—DOW JONES

	Feb. 11	Feb. 10	Feb. 9	Feb. 8	Feb. 7	Feb. 4	1976/77 High	1976/77 Low	Since compilation High	Since compilation Low
Industrial	931.52	937.92	935.84	942.24	946.31	947.89	1014.79 (21/9)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (2/7/32)
Home Bonds*	91.58	91.59	91.47	91.39	91.39	91.15	93.57 (6/1/77)	85.55 (13/1)	—	—
Transport	224.24	226.37	228.94	227.74	228.19	227.78	237.52 (19/1)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	108.09	107.17	107.34	108.65	108.47	108.16	111.87 (28/12)	84.65 (2/1)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	23,510	22,340	23,640	24,640	26,790	25,180	—	—	—	—

* Basis of index changed from July 1.

	Feb. 7	Jan. 31	Jan. 14	Year ago (approx.)
Ind. div. yield %	4.35	4.27	4.21	3.81

STANDARDS AND POORS

	Feb. 11	Feb. 10	Feb. 9	Feb. 8	Feb. 7	Feb. 4	1976/77 High	1976/77 Low	Since compilation High	Since compilation Low
*Industrials	111.29	111.34	111.82	112.76	113.11	113.08	126.59 (21/9)	101.64 (2/1)	134.54 (11/1/73)	3.52 (30/6/32)
†Composite	100.22	100.32	100.76	101.66	101.89	101.88	107.83 (21/9)	90.90 (2/1)	120.66 (11/1/73)	4.40 (1/6/32)

	Feb. 9	Feb. 2	Jan. 26	Year ago (approx.)
Ind. div. yield %	3.90	3.89	3.87	3.65
Ind. P/E Ratio	10.85	11.09	11.07	13.88
Long Govt. Bond yield	7.64	6.87	6.13	8.79

N.Y.S.E. ALL COMMON

Feb. 11	Feb. 10	Feb. 9	Feb. 8	1976/77 High	1976/77 Low
54.87	54.98	54.98	55.33	57.88 (31/12)	[illegible] (2/1/76)

Rises and Falls, Feb. 11: Issues Traded 1,894; Up 618; Down 871; Same 405; New Highs 34; New Lows 12

MONTREAL / TORONTO / JOHANNESBURG

	Feb. 11	Feb. 10	Feb. 9	Feb. 8	1976/77 High	1976/77 Low
MONTREAL Industrial	178.26	179.40	177.98	178.87	207.25 (19/9)	161.24 (30/11)
MONTREAL Combined	178.29	177.92	178.62	178.63	199.78 (20/8)	162.16 (30/11)
TORONTO Composite	998.2	996.7	998.5	1002.9	1106.2 (12/6/76)	920.1 (30/11/76)
JOHANNESBURG Gold	156.4	157.7	152.4	156.4	226.7 (12/2)	113.5 [illegible]
JOHANNESBURG Industrials	172.3	[illegible]	[illegible]	[illegible]	216.0 (21/1)	173.6 (30/11)

[illegible]

SPAIN ♥

February 18	Per cent.	
Asland	117	—
Banco Lopez Quesada	344	−7
Banco Bilbao	459	−2
Banco Atlantico (1,000)	319	−6
Banco Central	481	−8
Banco Exterior	472	−4
Banco General	449	—
Banco Granada (1,000)	300	−1
Banco Hispano	387	—
Banco Iberico	378	−6
Banco Ind. Cat. (1,000)	290	—
Banco Occidental	215	−7
Banco Popular	344	−6
Banco Santander (250)	494	−6
Banco Urquijo (1,000)	396	−6
Banco Vizcaya	375	−6
Banco Zaragozano	617	—
Bankunion	209	—
Banus Andalucia	260	−1
Babcock Wilcox	68	−1
CIC	246	—
Dragados	418	−10
Inmobanf	130	—
E. I. Aragonesas	84	−1
Espanola Zinc	140	—
Expl. Rio Tinto	179	−1
Fecsa (1,000)	86	−2
Fenosa (1,000)	49	—
Financauto SA	199.50	—
Financanto Servicios	195	−3
Gal. Preciados	276	—
Grupo Velazquez (400)	210	—
Hidrola	100.75	−0.25
Iberduero	111.75	+0.25
Olarra	230	−4
Papeleras Reunidas	135	−1
Petroliber	188	−2
Petroleos	246	−3
Sarrio Papalera	151.50	−3.50
Sniace	64	−1
Sogefisa	198	—
Telefonica	109.50	−0.50
Torras Hostench	185	−3
Tubacex	218	+2
Union Elec.	96.25	−1.25
Urbis	129	−0.50

GERMANY ♦

Feb. 11	Prices Dm.	+ or −	Div. %	Yld. %
A.E.G.	82.4	+1.6	—	—
Allianz Versich.	401	−8	18	2.2
B.M.W.	250	−1.9	18	3.9
B.A.S.F.	156		14	4.5
Bayer	155.1	−0.3	14	5.2
Bayer Hypo.	272	−0.5	20	3.7
Bayer Vereinsbk.	275	−3	20	3.1
Commerzbank	187.5	−2.5	18	4.8
Conti. Gummi.	67	−2.2	—	—
Daimler	344	−2	17	2.5
Degussa	252.8	+1.7	18	3.8
Demag	147		16	5.4
Deutsche	275	−0.1	20	3.6
Dresdner Bank	220.5	−1.8	20	4.5
Dyckerhoff Zemt.	123	+1	8	2.4
Gutehoffnung	160	−0.5	14	4.1
Hapag Lloyd	108.5	−0.5	12	5.5
Harpener Dm 100	160		9	5.6
Hoechst	132	−0.2	14	5.0
Hoesch	45.4	−0.5	—	—
Kali Salz (Dm50)	112	−0.5	7	3.1
Karstadt	339	−7	y20	2.9
Kaufhof	210	−6	20	4.8
Kloeckner (Dm 100)	22.1	−0.1	—	—
Klock Humbolt	146	−1.3	10	3.4
Krupp Prf (Dm100)	99.5		—	—
Kundenkredit Bs	250		20	4.0
Linde	203		18	3.2
Lowenbrau Dm 100	1,750		20	1.4
Lufthansa	98.6	+0.5	4	2.0
M.A.N.	160.5	+1.5	14	4.4
Mannesmann Dm 50	170.3	−0.2	17	4.1
Metallgesellschaft	206	−0.6	10	—
Munch. Rueckvers	445	+1	18	2.0
Neckermann	45		—	—
Preussag Dm. 100	144	+0.8	7	4.9
Rhein West. Elect	152.4	−0.4	17	4.8
Schering	285	+1	20	3.5
Siemens	257.2	−1.1	16	2.7
Sudzucker	236		19	4.0
Thyssen	116.4	+0.1	14	8.0
VEBA Akt'schaft	122.5	+0.5	12	4.8
Verein & West Bk	306		20	2.9

AUSTRALIA

Feb. 11	Aust. $	+ or −
ACMIL	†0.66	
Acrow Australia	†0.64	
Adelaide Brighton Cent 50c	†1.18	−0.04
Allied Mntg-Trdg. Indus. $1	†1.48	+0.08
Ampol Exploration	†1.05	
Ampol Petroleum	†0.65	+0.05
Assoc. Minerals	†1.0	−0.1
Assoc. Pulp Paper $1	†0.85	+0.02
Assoc. Con. Industries	†1.41	−0.11
Aust. Foundation Invest.	†0.79	−0.03
A.N.I.	†1.15	−0.07
Aust. Oil & Gas	†0.09	
Blue Metal Ind.	†0.74	+0.01
Bougainville Copper	†1.13	−0.10
Broken Hill Proprietary	†8.78	−0.19
BH. South	†1.16	−0.02
Carlton United Brewery	†1.62	−0.01
G. J. Coles	†1.53	−0.03
CSR ($1)	†3.36	−0.04
Cons. Goldfield Aust.	†1.78	−0.08
Container ($1)	†1.30	−0.1
Conzinc Riotinto	†2.20	
Costain Australia (25c)	†1.75	
Dunlop Rubber ($1)	†0.95	
ESCOR	†0.56	
Elder Smith ($1)	†2.15	
E.Z. Industries	†2.70	
Gen. Property Trust	†1.80	
Hamersley	†2.70	−0.05
Hill 50 Uranium NL	†0.19	
Hooker	†0.53	−0.04
I.C.I. Australia	†1.52	
I.A.C. Holdings	†0.65	−0.04
Inter-Copper	†0.50	
Jennings Industries	†1.82	
Jones (David)	†0.28	−0.01
Metals Exploration	†0.47	
MIM Holdings	†2.30	−0.18
Myer Emporium	†1.85	−0.18
News	†1.70	
Nicholas International	†0.85	+0.01
North Broken H'dings (50c)	†1.04	−0.02
Oakbridge	†1.16	−0.01
Oil Search	†0.09	
Pioneer Concrete	†1.07	
Reckitt & Colman	†3.26	
H. C. Sleigh	†0.53	−0.01
Southland Mining	†0.26	−0.01
Stocks & Holdings	†2.45	−0.05
Tooth (S.)	†1.44	−0.14
Waltons	†0.68	+0.01
Western Mining (50 cents)	†1.33	−0.06
Woolworths	†1.16	

MILAN

Feb. 11	Price Lire	+ or −	Div. Lire
Alitalia Priv.	411	−9	—
ANIC	380	−5	—
Ausonia Fin.	2,310	−30	120
Bastogi	770	−22	—
Breda	1,635	+5	100
Burgo	7,840	−60	—
Cantoni	4,900	+150	—
CIGA	1,300	−5	—
Cucirini	3,880	−30	235
Dalmine	670	−6	75
Erba	1,440	−21	—
Fiat	1,750	−11	100
Do. Priv.	1,109		100
Finsider	175	−3.25	—
Generali	56,010	−490	600
Invest B.	1,700	−20	80
Italcementi	12,040	−430	300
Italgas	657	−8.25	—
Italsider	46.5	−13	—
La Centrale	6,085	−305	400
Marelli Ercole	959	−16	—
Mediobanca	41,550	−450	960
Mondadori Priv.	900		—
Montedison	887	−2	—
Olivetti Priv.	885	−8	—
Pirelli & C.	1,961	−27	110
Pirelli Spa	1,051	−20	—
RAS	59,620	+220	800
Rinascenti	49.5	−0.6	—
Rumianca	1,770	−5	—
S.A.F.F.A.	4,822	−29	200
S.T.E.T.	1,300.5	−14.5	180
Snia Viscosa	1,050	−10	—
Soc. Gen. Immob.	110	−3	—
Unidal	308	−5	—

COPENHAGEN

Feb. 11	Price Kroner	+ or −	Div. %
Andelsbanken	150		10
Burm'str W.A/S.	290	+1	—
Danske Bank	140½	+¼	12
Dan Provinsbank	154¾		11
East Asiatic Co.	287¼	+½	13
Finansbanken	143		13
For. Bryggerier	365		12
Handelsbank Cop	144		11
Papirfabrik For.	81¾		15
G. Northern Hld.	269¾		12
Nord Kabel	242¼		12
Oliefabrik	123	+2½	12
Privatbank	153	+½	11
Soph. Berendsen	302½	−¼	11
Superfos	256¼	+1	12

PARIS

Feb. 11	Price Frs.	+ or −	Div. Frs.	Yld. %
Afrique Occid't'le	401.0	+1.9	16.8	5.0
Air Liquide	531.5	−2.5	16.5	4.9
Aquitaine	312	+4	22.5	7.2
Begoin	62	+2.5	—	—
B.S.N. Gervais	436	−2	37.5	8.6
Carrefour	1,414	−10	5.7	4.0
Chargeurs Reunis	168		16.5	9.8
Cie Bancaire	204	+5	13	4.2
C.G.E.	264	−9	25.5	9.0
Credit Com Fr'nce	103.0	+1.5	10.9	10.9
Credit Foncier	311	+6	29	9.6
Denain N.E.	65.1	−0.6	12.75	29.3
Fr. Petroles	105.9	+1	14.1	13.4
Gal. Lafayette	91.05	+1.05	—	—
Gen. Occidentale	176.8	+0.8	8.25	4.7
Imetal	86.3	+0.8	4.95	5.8
Lafarge	190		15.75	8.3
L'Oreal	851	−1	15	1.8
Machines Bull	28	−0.8	1.5	5.2
Michelin "B"	1,182	+14	30.6	2.6
Moet Hennessey	385	+2	11.55	3.2
Paribas	150.8	+0.3	18¾	11.0
Pechiney	73.6	−0.4	7.5	10.1
Peugeot-Citroen	255	−1.8	16	5.9
Printemps	40.4	−0.1	—	—
Redoute	694	+8	22.5	3.8
Rhone Poulenc	73.6	−0.7	9	11.9
Usinor S.A.	60.5		—	—
Suez	208	+1.1	24	11.6
Thomson Brandt	177	+2	14.25	7.3
Usinor	30	−0.05	—	—

AMSTERDAM

Feb. 11	Price Fls.	+ or −	Div. %	Yld. %
Ahold (Fl.20)	78	+2	20	5.1
Akzo (Fl.20)	31.4	+1.5	—	—
Algem Bnk (Fl.100)	317	+3	21	7.1
AMEV (Fl. 10)	58.3	+0.3	36	6.9
Amro Bank (Fl.20)	74.4	+1.1	21	5.8
Van Berkel's (Fl.50)	115.5	+1.5	15	6.5
Bijenkorf (Fl.20)	75.5	+2.7	21	5.8
Boka West'm (Fl.10)	115	+0.5	57½	5.0
Buhrm-Tetterode	66.2	+1.6	25	7.1
Elsevier (Fl.20)	230	+6	18	1.6
Ennia N.V. Bearer	115	+2	38.4	5.2
EuroComTst Fl.10	62		30.4	4.5
Gist Brocades Fl.10	51.6	+1.1	20	6.0
Heineken (Fl.25)	123.5	+2.9	14	2.8
Holland Fund	123.3	+1.3	64.7	5.3
Hoogovens (Fl.20)	37.6	+1.1	—	—
H'nterDouglas Fl	27.5	+0.4	11	4.1
I.H.C. Holland	15.1	+0.8	10	6.9
K.L.M. (Fl. 100)	89	+0.6	—	—
Int. Muller (Fl.20)	36.4	+1.0	10	5.4
Naarden (Fl.10)	37.5	+2.0	—	—
Nat.Ned.Ins'rnce	93	+0.8	44.4	4.8
NedCredBk (Fl.20)	48.3	+0.1	18	7.5
NedMidBk (Fl.50)	146.6	+3.2	17	8.0
Nem (Fl.60)	94.5		g20	5.0
Nijverdale T. Cate	35	+0.7	—	—
OCE (Fl.20)	174½		28	3.2
Van Ommeren	167	+3.2	10	—
Pakhoed (Fl.20)	71	+2.9	20	5.5
Philips (Fl.10)	26.8	+0.4	14	5.3
RijnSchVer Fl.100	60		16	30.1
Robeco (Fl.50)	185	+0.4	25.2	6.8
Rolinco (Fl.50)	124.5		5	1.8
Rorento (Fl.50)	124.5	+0.1	13.5	5.1
Royal Dutch (Fl.20)	132.2	+0.7	43.75	6.5
Slavenburg's Bk	253	+1	19	7.6
Stevin Grp. Fl.20	99	+2	25	5.2
Tokyo PacHlgs $1	82		30.3	1.3
Unilever (Fl.20)	124.2	+1.7	38	5.8
VikingRes.Int.$1	42.1		30.20	1.3
VMF Stork	76.5	+2.2	14	—

STOCKHOLM

Feb. 11	Price Kroner	+ or −	Div. Kr.	Yld. %
AGA AB (Kr.50)	182	+3	5.5	3.0
Alfa Laval B (Kr.50)	144	+3	5	3.4
Asea (Kr.50)	116		5	4.3
AtlasCopco (Kr.25)	137	+1	6	4.3
Billeruds	159		8½	5.4
Bofors	240		9	3.8
Cardo	305	+1	11	3.6
Cellulosa	260	+2	9.5	3.6
Electrolux "B"	131	+5	5	3.9
Ericsson B (Kr.50)	86.5	+2.5	6	—
Esselte "B"	147	−2	6	4.2
Fagersta	135		8	6.0
Granges (free)	63	+1	—	—
Handelsbanken	472		17½	5.4
Marabou	155		10	6.5
Mo Och Domsjo	125		10	8.0
Sandvik A.B.	230	+2	7	3.5
S.K.F. "B" Kr.50	88	+1	5	5.8
Skand Enskilda	240	−1	16	6.7
Tandstik "B" K50	99	+0.5	5	5.1
Uddeholm	76.5	+1.5	0	12.2
Volvo (Kr.50)	85		2	7.1

OSLO

Feb. 11	Price Kroner	+ or −	Div. %	Yld. %
Bergens Bank	103	+0.5	10	8.7
Borregaard	97.0		6	—
Creditbank	120	−0.5	11	9.1
Kosmos	590	+5	20	3.3
Kreditkassen	116.5		11	9.5
Norsk Hydro Kr.80	262.5	−0.25	13	2.7
Orkla Ind.	71	−1.5	—	—
Storebrand	130	−9.5	10	7.7

TOKYO†

Feb. 10	*Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	342	−3	14	2.0
Canon	591	−5	—	—
Dai Nippon Print	586	−9	18	1.5
Fuji Photo Film	785	−16	15	1.0
Hitachi	227		10	2.2
Honda Motors	711	−18	18	1.3
C. Itoh	290	−1	12	2.1
Ito-Yokado	1,940	−20	30	0.8
Japan Airlines	4,400	−50	—	—
Kansai Elect. Pw.	708	−4	9	6.7
Komatsu	308	−6	18	2.9
Kubota	347	−1	15	2.2
Matsushita Ind.	650	−30	20	1.5
Mitsubishi Bank	285		10	1.8
Mitsubishi Heavy	129	+6	12	4.7
Mitsubishi Co.	480	−5	15	1.4
Mitsui & Co.	466		14	1.5
Mitsukoshi	442	−1	20	2.2
Nissan Motor	718	−15	16	1.1
Pioneer El'ctronic	2,130	−80	50	0.7
Sanyo Electric	247	−2	12	2.4
Shiseido	1,270	−20	25	1.0
Sony	2,560	−45	30	0.6
Taisho Marine	330	−3	11	1.7
Takeda Chemical	259	+4	15	2.9
Teijin	137		12	4.4
Tokio Marine	479	−4	11	1.1
Tokyo Elect. Pwr.	795	+5	10	0.3
Tokyo Sanyo Elec	335	−5	12	1.8
Toshiba	123	+2	10	4.1
Toray	122	−1	12	4.6
Toyota Motor	1,260	−30	16	0.6

Source Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG

Feb. 11	Price Frs.	+ or −	Div. Frs. Net.	Yld. %
Arbed	3,220	−65	150	—
BBL Bq Brx Lamb	1,520		40	2.6
Bekaert "B"	1,930	−5	105	5.5
CBLtCre Br Lamb	1,766	−5	110	6.3
C.B.R. Cement	1,414	−10	76	10.5
Cockerill	578	−90	—	—
E.B.E.S.	2,125	−5	161	7.4
Electrobel	5,600		400	7.3
Fabrique Nat.	1,865		100	5.5
G.B. Inno-Bm.	1,715		70	4.1
Glace St. Roch.	3,680	−20	50	1.5
Hoboken	3,470	−10	160	4.4
Intercomm	1,700	−15	129	7.6
Kredietbank	6,600	+100	245	3.7
La Royale Belge	4,670	−90	285	5.7
Pan-Holding	2,760		32.15	2.8
Petrofina	4,670	+40	170	3.5
Photo Gevart	1,188	−4	76	6.4
Pieux Frankl	4,310	−50	275	6.2
Soc. Generale	2,100	−50	136	6.3
Soc. Gen. Banque	2,790	−20	175	6.5
Sofina	2,970	−36	195	6.5
Solvay 'A'	2,480	+20	170	6.5
Traction Elec.	2,650	+10	160	5.7
U.C.B.	2,130		A125	5.9
Un. Min. (1/10th)	1,010	−16	70	6.2
Vieille Montagne	3,025	+20	160	11.2
Wagons Lits	564	−10	30	6.6

SWITZERLAND●

Feb. 11	Price Frs.	+ or −	Div. %	Yld. %
Aluminium	1,390	+20	6	2.2
Bally Bid	1,400	−30	—	—
BBC 'A'	1,540	+15	10	3.2
Ciba Geigy	1,345	+5	22	1.6
Do. Do. Part.	1,040		22	2.1
Do. Do. Reg.	837	+5	22	3.4
Credit Suisse	2,720		16	2.9
Fischer (George)	620	−5	—	—
G'nd Mag. Jel Fl.	1,135	+5	12	1.5
Hoffman LaRoche	85,250	−250	550	1.5
Interfood B.	2,375		40	4.2
LandisGyrB (F100)	730	+30	—	—
Nestle	3,335	+15	n78.0	2.4
Do. Reg.	2,015	+10	n78.6	3.8
Sandoz Br. (F250)	4,725	+25	26	1.4
Do. Br. PartCerts	3,550		26	7.7
Sandr Arhon	790	−10	8	5.1
Soc. Int. Pirelli	193	−½	14	7.5
Swissair (F.350)	640	+1	5.7	4.1
Swiss Bank Corp.	398	+6	10	2.6
Un. Bank of Switz.	6,290	+20	20	3.0
Winterthur Or.	1,905	−15	30	1.6
Zurich Ins. Br.	9,875	+150	40	2.0

VIENNA

Feb. 11	Price %	+ or −	Div. %
Creditanstalt	344		10
Perimooser	300	−4	9
Selecta	671	−1	48
Semperit	161		—
Steyr Daimler	172	+1	5
Veit Magnesit	360		22

BRAZIL

Feb. 11	Price Cruz	+ or −	Div. Cruz
Banco Brasil PP.	3.63	−0.03	0.19
Belgo Mineira OP	2.95	−0.03	0.14
Brahma PP.	1.50	+0.01	0.15
Docas Santos OP.	0.05	−0.02	0.15
Lojas Amer OP.	3.04	+0.04	0.2
Petrobras PP.	2.53		0.11
Sanitri OP.	3.11	−0.01	0.1
Mannesman OP.	2.73	+0.05	0.10
Souza Cruz OP.	3.20	+0.07	0.1
Vale Rio Doce PP.	2.72	−0.07	0.11

Vol. Cr.59.6m. Shares 23.3m.
Source: Rio de Janeiro SE.

JOHANNESBURG

MINES

Feb. 11	Rand	+ or −
Anglo American Corpn.	3.85	[illegible]
Charter Consolidated	3.35	[illegible]
East Driefontein	6.40	[illegible]
Elsburg	1.33	[illegible]
Harmony	4.95	[illegible]
Kinross	4.20	[illegible]
Kloof	6.00	[illegible]
Rustenburg Platinum	1.55	[illegible]
St. Helena	15.75	[illegible]
Southvaal	5.20	[illegible]
Gold Fields SA	17.50	[illegible]
Union Corporation	3.37	[illegible]
De Beers Deferred	3.85	[illegible]
Blyvooruitzicht	4.90	[illegible]
East Rand Pty.	4.85	[illegible]
Free State Geduld	†17.75	[illegible]
President Brand	10.00	[illegible]
President Steyn	9.80	[illegible]
Stilfontein	2.32	[illegible]
Welkom	2.45	[illegible]
West Driefontein	27.50	[illegible]
Western Holdings	22.50	[illegible]

INDUSTRIALS

	Rand	+ or −
African Explos. and Chem.	2.80	[illegible]
Anglo-Amer. Industrial	7.90	[illegible]
Barlow Rand	2.79	[illegible]
CNA Investments	†1.40	[illegible]
Currie Finance	0.41	[illegible]
De Beers Industrial	17.50	[illegible]
Edgars Consolidated Inv.	†2.22	[illegible]
Edgars Stores	†27.00	[illegible]
EverReady SA	†1.10	[illegible]
Federale Volksbeleggings	2.10	[illegible]
Cradlermans Stores	2.88	[illegible]
Guardian Assurance (SA)	1.10	[illegible]
Huletts	1.90	[illegible]
LTA	1.45	[illegible]
McCarthy Rodway	0.43	[illegible]
NedBank	1.74	[illegible]
OK Bazaars	6.20	[illegible]
Premier Milling	6.35	[illegible]
Pretoria Cement	8.80	[illegible]
Protea Holdings	0.70	[illegible]
Rand Mines Properties	1.00	[illegible]
Rembrandt Group	2.38	[illegible]
Retco	0.49	[illegible]
Sage Holdings	11.20	[illegible]
SAPPI	1.68	[illegible]
C. G. Smith Sugar	†3.65	[illegible]
Sorec	0.33	[illegible]
SA Breweries	0.60	[illegible]
Tiger Oats and Natl. Mlg.	8.10	[illegible]
Unisec	0.90	[illegible]

CORAL INDEX
Close 381-386

I.G. Index 01-351 3466
May Cocoa 2322-2330

OVERSEAS SHARE INFORMATION

NEW YORK

[illegible]

Investment premium based on $2.60 per £1—100% (99½%).

CANADA

[illegible]

n Asked. * Asserted. † Bid. ‡ Traded.

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.
♦ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ● Frs.500 denom. unless otherwise stated. ‡ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. § Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ▲ Interim since increased.

AUTHORISED UNIT TRUSTS

Bishopsgate Progressive Mgmt. Co.♥
Bishopsgate, E.C.2. 01-588 6280

Pr.*Feb. 8	136.2	145.1	—	4.41
Units* Feb. 8	156.4	166.6	—	4.41
Int. Feb. 1	134.8	144.3xd	—	4.44
Units Feb. 1	146.1	166.4	—	4.44

Next sub. day Feb. 15. *Feb. 22.

Crescent Unit Tst. Mgrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3. 031-226 4931

Crescent Growth	20.3	21.8	−0.2	4.38
Cres. Internat'l.	44.2	47.4	−0.1	3.27
Cres. High. Dist.	33.9	36.4	−0.2	8.81
Cres. Reserves	31.2	33.7xd	−0.5	4.16

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

FINANCIAL TIMES STOCK INDICES

—	Feb. 11	Feb. 10	Feb. 9	Feb. 8	Feb. 7	Feb.	A Year ago
Government Secs.	65.90	66.46	66.04	65.87	65.78	65.90	63.47
Fixed Interest	95.37	65.63	65.64	95.40	65.43	65.50	62.81
Industrial Ordinary	381.5	389.7	397.9	394.2	397.0	405.6	405.5
Gold Mines	100.1	102.7	98.4	98.5	95.8	95.3	214.9
Ord. Div. Yield	6.02	5.90	9.94	5.90	5.81	6.74	5.17
Earnings Y'ld % (full)*	19.25	18.84	18.98	18.86	18.54	19.51	16.05
P/E Ratio (net) (*)	7.49	7.66	7.59	7.64	7.77	7.97	9.80
Dealings marked	7,255	6,499	6,904	7,935	7,036	9,267	4,985
Equity turnover £m.	—	66.40	74.96	77.23	61.29	82.09	57.00
Equity bargains total	—	14,940	15,162	17,219	16,188	19,799	14,568

10 a.m. 387.8. 11 a.m. 382.6. Noon 381.8. 1 p.m. 378.8.
2 p.m. 378.7. 3 p.m. 376.9.
Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. Nil=7.48.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/10/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1977 High	1977 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	66.45 (10/2/77)	55.86 (27/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	65.95 (28/1/77)	56.57 (28/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5)	265.3 (27/10)	549.6 (14/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (1/76)	78.6 (26/5)	442.3 (22/6/75)	43.5 (26/10/71)

S.E ACTIVITY

—	Feb. 11	Feb 10
Daily—		
Gilt-Edged	227.4	214.7
Industrials	240.0	909.0
Speculative	50.9	58.9
Totals	165.1	147.9
5-day Av'r'ge		
Gilt-Edged	245.1	259.9
Industrials	955.9	247.0
Speculative	54.3	65.3
Totals	165.4	172.9

FT—ACTUARIES INDICES

—	Feb. 11	Feb. 10	Feb. 9	Feb. 8	Feb. 7	Feb. 4	year ago
Industrial Group	149.34	153.03	155.10	154.48	157.47	157.41	159.99
500 Shares	175.09	179.90	179.41	180.74	184.17	184.41	174.95
Div. Yield pc	6.05	5.90	5.91	5.85	5.75	5.74	5.36
P/E Ratio (net)	9.96	9.18	9.10	9.26	9.43	9.44	9.96
All Shares	162.73	166.27	165.91	167.52	170.34	170.64	167.01
Yield pc	15.54	15.35	15.56	15.53	15.32	15.28	15.53

HONG KONG

Hong Kong $	Feb. 11	Feb. 4
Loan 1948	97.00n	97.00n
Consolidated Rubber	1.605	1.68
	—	—
China Light & Power	20.90xd	19.80
Hotels	42.00	—
Cosmopolitan Properties	1.09	1.99
Harbour Tunnel	†9.40	9.65
Navigation	0.80	5.85
Hong Kong Aircraft	66.50	†63.00
H.K. & Whampoa Docks	9.80	9.85
Hong Kong Electric	5.60	0.45
Hong Kong Kowloon Wharf	15.90	16.00
Hong Kong Land Invest.	7.55	7.00
Hongkong Shanghai Bank	20.60	20.40
Hong Shanghai Hotels	15.70	15.70
International	5.40	5.275
Pacific Securities	6.65	6.50
Jardine Matheson	18.20	18.40
Secs	7.30	7.30
	†1.57	1.90
Derby	6.25	6.90
Pac. Prop.	†0.58	0.59
Textile	29.00	—
Pacific A.	9.90	9.00
Alliance	†6.90	—
Group of Hong Kong	—	—
Marden	2.625	9.70
Maritime	†4.926	4.20
Industrial	2.175	2.075
	†9.60	7.50

† Seller. n Nominal. xd Ex-

SINGAPORE STOCKS

Feb. 11	$	Feb. 11	$
Industrials			
	†0.491s	Straits Trad'g	5.50
Co.	—	Temenggong	1.25
Bhd.	†1.86	Times Pub. Berhad	†3.20xd
	†3.00		
	†1.70	U. Engineers	1.80
Weave	4.04	U. Ov's. Bk.	3.40
	1.15	Wearne	2.77
	1.56	Tractor	†5.28
	2.46	Chemical	†3.89
	2.10	Willm Jacks.	†1.35
Brew.	14.90	Rubbers	
Cement	†2.62	Batu Lintang	1.04
Tobacco	†4.80	Dunl'p Estate	†1.70
	1.60	Kempas	2.63
Bk	7.60	Tins	
Elec.	2.14	Austral. Am.	†3.56
Co.	1.74	Berjuntai	13.00
	†3.12	Kampar	—
	3.42	Kramat	†2.90
Ply.	3.26	Kuchai	†0.56
Age.	3.04	Lower Perak	—
Steam	12.96	Petaling Tin.	†4.00
		Supreme Cp.	—
Ltd.	3.60xd	Tongkah Har.	†1.85

† Seller. — Unquoted. xd Ex-div.

TEL AVIV

Company	Prices Feb. 13, 1977	Change on the week
Banking, Insurance and Finance		
Bank Leumi le Israel	298	+ 3.5
IDB Bankholding	297	+ 1.0
Bank Hapoalim Br.	350	+ 3.0
Union Bk. of Israel Br.	350	+ 1.0
United Mizrahi Bank	217	+ 2.0
Hassneh Insurance Br.	384	− 2.0
Wolfson Clore Mrt. Br.	158	+10.0
Genl. Mortgage Bk. Br.	290	− 4.0
"Tefahot" Israel Mort. Bank Br.	365	+ 8.0
Land Development		
Africa Israel Inv. I.£10	549	− 0.9
Israel Land Devel. Br.	167.5	+11.5
Property and Building	273.5	+10.5
Mehadrin	518	+48.0
Public Utility		
Israel Electric Cpn.	331	− 4.0
Investment Companies		
Bank Leumi Invest.	283	− 2.5
Discount Bank Inv. Br.	288	+ 5.0
"CLAL" Israel Invest.	222	—
"CLAL" Industries	310	− 2.0
Commercial and Industrial		
Alliance Tire & Rubber	848	+19.0
Elco Br.	386	+ 5.0
Argaman Textile Br.	268	− 6.0
"ATA" Textile "B"	188.5	+ 3.5
Dubek Br.	465	− 3.0
Elec. Wire & Cable Br.	135	+22.5
Solel Boneh 10pcPf. Br.	330	+ 5.0
Am. Israeli Paper Mills	230	− 5.8
Assis	215	−15.0
Tall Manuf. of Plywood Br.	187	+ 7.0
Elite	352	+ 1.6
Polygon	284.5	+ 2.5
Teva Reg.	1,117	− 3.0
Fuel and Oil		
Delek	236	+ 6.5

Source: Bank Leumi le Israel, Tel Aviv.

SHARE INFORMATION SERVICE

The following security has been added to the Share Information Service.

Tokyo Sanyo Electric (Section—Overseas—Tokyo).

Tyndall Group 0534 37331
Hamilton, Bermuda, & St. Helier, Jersey.

Overseas Feb. 9	$US1.09	1.15xd	—	6.00
(Accum. Units)	$US1.57	1.66	—	—
TASOC Feb. 9	$US8.96	9.45	—	—
3-way Int. Jan. 20	$US2.30	2.40	—	—
TOFSL Feb. 9	£6.75	7.25xd	—	6.00
(Accum. Shares)	£9.80	10.35	—	—
TASOF Feb. 10	86.5	93.0	—	—
(Accum. Shares)	86.5	93.0	—	—
Gilt Feb. 9	102.2	104.0	—	11.50
(Accum. Shares)	112.8	115.0	—	—
Jrsy. Man. Jan. 20	96.4	101.6	—	—

United States Tst. Intl. Adv. Co.,
14, Rue Aldringer, Luxembourg.

U.S. Tst. Inv. Fnd.	$US10.81	+0.02	0.93

Net asset value Feb. 9

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555

Conv.Bd. Feb. 10	$US9.40	−0.03	—
Energy Int. Feb. 10	$US15.71	—	—
Gr St. $Fd. Jan. 31	$US6.91	—	—

Warburg Invest. Mngt. Jrsy. Ltd.
1 Charing Cross, St. Helier, Jsy. CI. 0534 29041

CMF Ltd. Jan. 27	$US9.60	9.85	—	—
CMT Ltd. Jan. 27	£9.15	9.39	—	—
Metals Tst. Jan. 20	£12.93	13.25	—	—
TMT Jan. 11	$US10.25	10.52	—	—
TMT Ltd. Jan. 13	£10.23	10.50	—	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg.

WorldWideGth.Fd.	$US12.21	−0.04	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. § Guernsey yield. # Suspended. ♦ Yield before Jersey tax.

Telecommunications industry may be disrupted to-day

BY OUR LABOUR STAFF

WIDESPREAD disruption in the telecommunications industry is in prospect to-day as thousands of employees stop work to protest about cuts in Post Office orders for telephone exchange equipment.

It is expected that up to 80,000 workers will be made idle by to-day's action, which includes two marches in London and a lobby of MPs.

The biggest union in the industry—the Electrical and Plumbing Trades Union—has instructed its 35,000 members to strike for the day and similar calls have gone out from the Amalgamated Union of Engineering Workers' white-collar section (TASS) and the Transport and General Workers' Union.

The demonstrators will protest at the lack of Government action to reverse the Post Office cuts, which they say will cost between 15,000 and 20,000 jobs in the coming two years.

The unions are demanding a series of measures including an independent inquiry into Post Office ordering and the future of the telecommunications industry, cuts in the present charges for telephone installation and morning calls, and a marketing campaign to promote increased use of the telephone.

Mr. John Forrester, deputy general secretary of TASS commented: "Unless the Government instructs the Post Office to take action now, there will not be any telecommunications industry in a few years' time."

Standard Telephones and Cables, Plessey, GEC and Pye factories will all be affected by to-day's action.

Special trains and coaches will take demonstrators to London. Other marches and meetings will take place in northern centres.

Incentives 'could boost steel by 10%'

BY ADRIAN HAMILTON

AN EXTRA 10 per cent. of production could be obtained by the British Steel Corporation out of it existing plants if it was allowed to offer its workforce the necessary incentives, according to Sir Charles Villiers, the corporation's new chairman.

A strong proponent of the idea that a further period of wage restraint must include an allowance for "monitored" productivity deals, Sir Charles also believes that these deals should be restricted to employees in manufacturing industry rather than in Government or the services.

He described such a discriminatory approach to Phase III as one of the ways in which the industrial strategy could be given a real boost.

"I don't see how the industrial strategy can work unless it is selective. At the moment it is far too much about paper work and not enough about people and incentives."

Easily run

The system could be relatively easily administered by using the old SET definitions of manufacturing and service industries, but it would have to be properly monitored.

"I don't want more money for no more production. What I would like is:

"First, a system that was self-financing at least. There must be some gain to the corporation in it.

"Second, payment only to be made after the additional production is established.

"And third, a system which can be quite clearly monitored, possibly by the corporation's auditors."

Incentive payments were necessary in British Steel's case, if the industry was to move to a much better system of payments in which the present mass of systems could be consolidated, better job evaluation introduced and jobs restructured.

The corporation had already developed such schemes with full union backing and had been able to get a pilot project at Corby going before the wage restraint policy was imposed.

Turning to the debate on the Bullock Report, Sir Charles said that it was most important to approach participation from the "bottom up."

He thought that British Steel's present system of participation at works council and divisional levels as well as the separation of the Board from the day-to-day management group headed by his chief executive enabled the corporation to adapt to whatever system might be legislated.

Bullock's suggestion of a sort of electoral college to choose the Board representatives might also have the added benefit of bringing the unions much more closely together.

While Sir Charles' decision to separate both the Board and the role of chairman from the role of chief executive and the work of the group of managing directors clearly fits in with some of the National Economic Development Office's recent suggestions for structural reform, he remains critical of the report.

"It has missed the key point." Throughout private business companies have found that it is better to separate the role of chief executive from chairman. "NEDO's report has good points. But, by suggesting the addition of a president on the main Board distinct from the chairman, it would only add an extra layer."

Sir Charles does, on the other hand, support Neddy's suggestions that civil servants be put on the Boards—"it is quite absurd that civil servants don't move more between industry and Whitehall"—and its suggestions for a capital restructuring of the industry to include more equity capital.

Sir Charles, who emphasises that the corporation is losing money, admits that introducing incentive schemes at present, when the industry is in a slump and workers are worried about jobs, might be difficult. But he firmly believes that steel demand will turn up in a matter of months and will then surge.

"The important thing is to prepare incentive schemes so that we are ready to introduce them in the autumn."

SIR CHARLES VILLIERS
"Wage restraint vital"

Industrial relations in State sector better than thought

BY ADRIAN HAMILTON

INDUSTRIAL RELATIONS in the nationalised industries have on the whole been rather better than the industries have been given credit for, a background paper published by the National Economic Development Office yesterday suggests.

The paper, one of a series of studies prepared for the office's recent controversial report on the nationalised industries, gathers together considerable statistical information on employment trends, collective bargaining procedures, stoppages and earnings in the main State corporations for 1960-1975.

In doing so, it destroys a number of myths that have become part of public criticism of the nationalised industries.

As could be expected, trade union membership and collective bargaining are more extensive in the nationalised sector than in most private industry, with a simpler structure of union organisation.

But while the importance of the State corporations in the economy and the centralised union structure has tended to make individual disputes more dramatically disruptive, the study does not find that the average annual number of strikes in the nationalised sector as a proportion of the total number of strikes is higher than its share of total employment.

Indeed, the office argues that, if the coal industry is excluded, the record of the nationalised sector compares well with that of manufacturing.

The apparently high number of days lost in the sector is heavily influenced by a small number of major disputes and in most years nationalised industries lose fewer days per 1,000 workers through strikes than the average for manufacturing.

On pay, the study produces figures showing that the increases in earnings among the major State corporations has been substantially greater than in other industries, mainly because of pay increases in coal mining.

But during the 1960s, pay in the State sector moved relatively more slowly than in the rest of industry. Excluding the coal industry, the rate of earnings rise in the nationalised industries was only slightly more than all industries and services.

A number of major industries, particularly coal and railways, saw a substantial reduction in numbers of employed and nearly all State industries saw considerable changes in the composition of employment.

Main report

In general, the study suggests that there is some tendency for nationalised industry earnings to increase faster than manufacturing earnings in years of slow growth or recession and more slowly in those years when the economy is growing most rapidly. The trend is intensified at times of incomes restraint.

The main report, for which the study was prepared is largely concerned with relations between State corporations and the Government, and the need to avoid intervention in corporation management.

Its central recommendation that a two-tier system of policy and managements Boards should be set up has aroused considerable criticism within Whitehall and among the nationalised industries themselves.

A study of Nationalised Industries. Background Paper 4: Manpower and pay trends. NEDO Books, 1, Steel House, Tothill Street, London SW1 9LJ £4 (plus 50p postage).

Grunwick report urges recognition of union

By Our Labour Staff

AN ADVISORY, Conciliation and Arbitration Service draft report has recommended trade union recognition at the Grunwick film processing laboratories in North London.

It was welcomed as a "great victory" by Mr. Roy Grantham, general secretary of the Association of Professional, Executive, Clerical and Computer Staff yesterday.

Members of the union have been in dispute with Grunwick since August, when a strike started after the dismissal of an employee.

During what has developed into a long and very bitter dispute, the union referred a recognition claim to ACAS under section 11 of the Employment Protection Act.

Delighted

Mr. Grantham said the draft report proposed that the union should take positive steps with the company to resolve outstanding issues.

He would be "delighted to meet with the company at the earliest possible opportunity to discuss the return to work of all our members, and the negotiation of a procedure agreement to give effect to the ACAS award."

Although the union says ACAS inquiries disclosed "unanimous desire" on the part of employees taking part in the inquiry to be represented by the union, the company has questioned the way in which the ACAS survey was undertaken.

Call for new form of wage restraint

BY ALAN PIKE, LABOUR STAFF

CONTINUING the incomes policy after phase two expires would lead inevitably to a further reduction in living standards, but the consequences of a general "free-for-all" would be even worse, the Institution of Professional Civil Servants tells its members.

Because of this the executive of the 100,000-strong Institution concludes in an economic policy paper that a further year of pay restraint is essential, but it also believes that phase three must be different to its predecessors by making a start towards restoring free collective bargaining.

The Institution proposes general percentage increases with "an under-pinning cash minimum to help solve the special problem of the lower paid," improvements in the differentials position, and scope for genuine productivity agreements and restructuring exercises.

There should also be, argues the executive, some progress towards resolving anomalies through independent investigation, and any outstanding awards by independent bodies, like the Top Salaries Review Body, which have been held up under phases one and two, should be implemented from August.

On the vital question of what the next percentage increase should be, the paper comments that "to talk of net incomes rising by only three per cent. as some employers have done, is as ludicrous as to propose a general basic increase of 15 per cent. to match the increase in the cost of living."

The institution argues its case from the proposition that standards of living are more important to members than gross earnings. It refers to the difficulty of persuading the great majority of people that a percentage increase can be fair when it results in the higher-paid receiving bigger increases, and continues: "It would be far better to reconstruct tax allowances to reduce the level of the higher rates of taxation up to a certain top level of income and then impose a penal rate of virtually 100 per cent. tax.

"We hope the Chancellor will consider these points. But what is essential is that attention should be paid to net rather than gross income."

The executive of the Institution, which represents professional, technical and scientific civil servants, is circulating the paper to its members for discussion. It describes the present mood of members as "deeply anxious and apprehensive," and says it is a testament to the ability of trade unionists to take a long and broad view of the nation's problems that reductions in living standards have been tolerated "so loyally and with so little complaint."

'Bad old days' jibe at Mrs. Williams by teachers' leader

SHARP CRITICISM of Mrs. Shirley Williams, the Education Secretary, came yesterday from Mr. Max Morris, chairman of the Action Committee of the National Union of Teachers.

He said that her proposal to introduce a new "secondary school group" exam was a return to the "bad old days," and would in effect re-establish grammar schools within the comprehensive system.

"If this reactionary proposal was to operate we would have the paradox of a Labour Minister giving the comprehensive system one of its greatest blows," said Mr. Morris, who is headmaster of a London comprehensive school.

The proposal angrily criticised is in Mrs. Williams' discussion document published last week, which will form the basis for the eight regional conferences making up the Government's "great education debate."

The suggestion is that alongside the present single-subject secondary school exam system there should be another taken as a group of subjects, similar to the old School Certificate.

Mrs. Williams emphasised last week that if the conferences which start at Newcastle upon Tyne on Friday, came out unanimously against the idea it would be dropped.

Mr. Morris attacked the whole series of regional conferences as "a shoddy public relations gimmick." Each, he said, would last only about five hours with four main topics for discussion, and there would be a limited number of organisations present.

All the conferences could produce was a few random personal opinions when what was needed was: "A thorough investigation, analysis and constructive thought."

Ban on all Binstock dealings

BY OUR CITY STAFF

THE TREASURY has banned all security dealings by Mr. Judah Binstock, a former London solicitor now believed to be living in Spain, and ordered all bankers and stockbrokers in the U.K., Isle of Man and Channel Islands to give the Bank of England details of Mr. Binstock's assets and dealings.

The Treasury directions, issued under the powers of the Exchange Control Act, 1947, came into effect on February 3, 1977, and are to continue in operation for ten years, unless the Treasury revokes the order during that period.

It is rare, though not unprecedented, for the Treasury to issue such an order against an individual. The move closely follows other investigations conducted by the Treasury and the Metropolitan and City Police Company Fraud Department into possible abuses of exchange control regulations.

Mr. Binstock, now in his mid-forties, has not figured greatly in the public eye during his business career. However, in 1975, he was criticised in a Department of Trade Inspectors' Report into Ardmore International Film Studios (formerly known as New Brighton Tower Company) which was wound up with a deficiency of £350,000 in March, 1974.

The inspectors claimed that Mr. Binstock, who was a director of the company between 1964 and 1968, and a fellow director, Mr. Leon Davis, "appear to have given more thought to their own interests and enrichment than to those of the shareholders whom they were supposed to represent."

They calculated that Mr. Binstock, as a result of his association with the company, benefitted either directly or indirectly to a sum "probably well in excess of £92,500."

Devolution Bill too confused—lawyers

THE DEVOLUTION BILL is criticised by the Law Society to-day for being "almost impossible" to follow.

The society's Law Reform Committee says: "We are seriously concerned about the difficulties which will be caused for those who have to use the legislation after it has reached the Statute Book."

The committee attacks the Government for not giving outside persons and bodies a chance to consider the effect of the "complex and detailed" provisions by publishing a draft Bill.

Criticism is made of the general form of the Bill, which contains two completely separate schemes for Scotland and Wales.

In a memorandum to Mr. Michael Foot, Lord President of the Council, and the Lord Chancellor, Lord Elwyn-Jones, the committee states: "The detailed provisions for the two schemes are scrambled together in the body of the Bill in a way which makes it very confusing and difficult—if not almost impossible—to follow."

There should be separate Acts for Scotland and Wales, it says.

The Law Society represents solicitors in England and Wales, but not in Scotland.

Call to speed planning procedure

A SPEEDED-UP procedure for planning appeals on matters such as factory building, which affect the production of wealth, is urged in a report by a committee chaired by Sir Frank Layfield, who chaired the inquiry into the Greater London Development Plan and heads the inquiry into local government finance.

The report, published by estate agents Hillier Parker May and Rowden, is the work of an "investigating panel" set up after a conference on planning and development held in London at the end of November.

Development — Costs and Delays. Study-Day Report and Findings of the Investigating Panel. Hillier Parker May and Rowden, 77, Grosvenor Street, London W1A 2BT.

APPOINTMENTS

English Transcontinental appoints new chairman

Mr. Eric J. P. C. Lombard Knight, who retired as deputy chairman of Lombard Banking on December 31, 1976, has been appointed chairman of ENGLISH TRANSCONTINENTAL. In addition Mr. C. Berry Savory has become deputy chairman and Mr. Michael B. Savory a director.

★

Mr. Robert Motion has been appointed assistant associate director, money, of the ROYAL TRUST COMPANY OF CANADA, the U.K. subsidiary of The Royal Trust Company, Montreal.

★

Mr. J. F. Machin has retired as a director of EDGAR ALLEN BALFOUR on reaching retirement age.

★

The partners of PHILLIPS AND DREW state that Mr. Ian Macaulay will retire on May 31. Mr. Macaulay has been in charge of the pension fund department since its foundation in 1955 and he will be succeeded in that role by Mr. Harry Sparks and Mr. Michael Hall acting jointly.

★

Mr. C. J. Crickmore has joined INTERNATIONAL ENERGY BANK in the newly-created post of general manager. He was previously assistant managing director of Bank of America International.

★

Mr. C. P. Statham has become managing director of STATHAM EWART, a subsidiary of Vincent Ewart and Co., Lloyd's Insurance Brokers.

★

Mr. David C. G. Jessel, chairman and managing director of Jessel, Toynbee and Co. and a non-executive director of Eagle Star Insurance Company, has been appointed a director of BERNARD SUNLEY INVESTMENT TRUST. From April 1 on the expiry of his executive appointment with Jessel, Toynbee, Mr. Jessel will become deputy chairman and chief executive of Bernard Sunley succeeding Mr. W. A. Shapland, who will remain a non-executive director.

★

Mr. J. B. Scott has been appointed chairman of the reconstituted Board of SATRA CONSULTANTS (U.K.) and Mr. A. L. Catcher becomes managing director. He was previously general manager. At the same time Mr. G. Litton has been appointed a director.

★

Mr. C. R. Brooks, group chief accountant and a director of Osmond and Matthews has also joined the Board of STERN OSMAT GROUP.

★

Mr. F. Whiteley, a deputy chairman of ICI Agricultural Division, has been appointed a director of SCOTTISH AGRICULTURAL INDUSTRIES, a member of the ICI group.

★

Dr. Norman Lancaster has been appointed a non-executive director of RABONE PETERSEN AND CO. Dr. Lancaster is Pro-Chancellor of the University of Birmingham, and retired at the end of last year as chairman of Wolsey-Hughes. Rabone Petersen is a subsidiary of G. R. Dawes (Holdings).

Mr. K. P. Griffiths has resigned as a director of WALKER AND HOMER.

★

Professor Alexander Mair has been appointed a member of the INDUSTRIAL INJURIES ADVISORY COUNCIL. He replaces Professor Thomas Anderson.

★

Lady Bowden, Mr. J. T. Brockbank and Mr. R. R. Thoroton have become members of the LOCAL GOVERNMENT BOUNDARY COMMISSION FOR ENGLAND.

★

Mr. John Spence has been appointed chief executive of Low and Bonar U.K. Packaging Division of the LOW AND BONAR GROUP. He was formerly managing director of Bibby and Baron (Holdings), now a member of the group. Mr. Chris Bonar is main Board director responsible for the group's total packaging interests. Other appointments are Mr. Tony Yearsley, managing director of Bibby and Baron Limited; Mr. William H. Jones, managing director, Bibby and Baron (Leominster) and Mr. Brian R. Pierce, managing director, John Wild and Sons.

★

Sir George Leitch has been appointed as a non-executive director of MACKINTOSH INTERNATIONAL and its principal operating subsidiary Mackintosh Consultants Company. Sir George recently retired from the Ministry of Defence as chief executive of the procurement executive and permanent under secretary. He is also chairman of Short Bros. and Harland.

[W]EEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. Board meetings are mainly for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or finals. The sub-division shown below is based mainly on last year's time-table.

TO-DAY

[BO]ARD MEETINGS—
[Fin]als:
[...] American Corporation of S.A.
[...]ment Properties
[...]shire and London Investment Trust
[...] (Harris)
[...]hester Ship Canal
[...]ngham Manufacturing
[...]sh Western Investments
Interims:
[...] Inds.
[...]h (Leopold) Inv. Trust
[...]al

[DI]VIDEND & INTEREST PAYMENTS—
[...] Investment Trust 1.8p
[...]ciated Engineering 2.92p
[...]ar (H. P.) 1.0595p
[...]n (A.) Ord. and A Ord. 1.724p
[...] (Matthew) 1.57830
[...]ns Corp. 10 cts.
[...]ro Chemicals 2.8p
[...]od 5p
[...]ish Homes Investment 0.5p
[...]ish Metropolitan Prop. Dbs. 3½ 3¾
[...]93) and 3½pc (79-84). Ln. 4½pc
[...]nt Group Printers 1.4p
[...]ed Corps Ltd. B Shares of no par value [...] cts. 5pc Red. Cum. Pfd. 38 cts.
[...]s A Shares of no par value 38 cts.
[...] Breweries 5.2p
[...] and Goldstone 2.3375p
[...]n (Ambrose) 5½pcPf. 1.925pc

TO-MORROW

[CO]MPANY MEETINGS—
[...]y's and Hansons, Nottingham, 12
[...] Newsagents, Woking, Surrey, 2.30
[...]ams Lea, 234 Old Street, E.C., 12

[BO]ARD MEETINGS—
[Fin]als:
[...]nson Bros.
[...] and Portland
[...]e Holdings
[...]eral Consolidated Inv. Trust
[...]trum Inv. Trust
[...]ris (Herbert)
[...]land Inv. Trust
[...] (W. J.)
[...]pey Trust
[...]mal Syndicate
Interims:
[...]n (David)
[...]nes (J.)
[...]ar Textiles

[DI]VIDEND & INTEREST PAYMENTS—
[...]rdeen Trust Db. 1.4pc
[...]erson Strathclyde Ln. 3¾pc
[...]imedes Investment Trust Income
[...]ares 2.86p
[...]nah Oil Ln. 3¼pc
[...]se Manhattan Bank 58 cts.
[...]ate-Palmolive 22 cts.
[...]ourgh 5pc Red. 75-77 2½pc. 8½pc
[...]d. 77-79 3¼pc
[...]ion and General Investments 1.78p
[...]ater London 7¼pc 1977 3⅝pc. 8¼pc
90-82 3¾pc. 6½pc 1977 3¼pc
International Bank for Reconstruction and Dev. 5pc 77-82 2½pc
Jamaica 6pc 77-82 3pc
Kenya 5pc 78-82 2½pc
Liverpool Daily Post and Echo 5pcPf. 1.75pc
Lucas Ln. 3¼pc
M. and G. Second General Trust Fund 2.526p
NSS Newsagents 1.3003359p
Nottingham 8¼pc Red. 76-78 3⅛pc
Peak Investments 0.13p
Scott (James) Engineering 8½pc Cum. Pf. 2.275pc. 8½pc2ndPf. 4.55pc
Sears Holdings Ln. 3½pc
Sony EDR Y50 Y12.5
Treasury 3½pc 79-81 2¼pc. 3pc 1982 £1.02
Waddington (John) 2p
Zapata 7.5 cts.

WEDNESDAY, FEBRUARY 16

COMPANY MEETINGS—
Burton Group, Leeds, 12
CompAir, Great Eastern Hotel, E.C., 11.30
Land and House Property, Winchester House, E.C., 10.30
Martin the Newsagent, Connaught Rooms, W.C., 12

BOARD MEETINGS—
Finals:
Albright and Wilson
Ball (W. W.)
Carrington Viyella
Cornell Dresses
Edinburgh and Dundee Inv.
Foreign and Colonial Inv. Trust
Stockis (Robert R.) (Manchester)
Yeoman Inv. Trust
Interims:
James (John) Group
Throgmorton Secured Growth Trust
Webb (Joseph)

DIVIDEND & INTEREST PAYMENTS—
Arun 10¼pcBds. Red. 16.2.77 £5.2012
Ashfield 10¼pcBds. Red. 16.2.77 £5.2012
Banbury 8¼pcBds. Red. 16.2.77 3⅛pc
Barnet 10¼pcBds. Red. 16.2.77 £5.2012
Boustead 0.3p
Bradford 10¼pcBds. Red. 16.2.77 £5.2012
Buckinghamshire 10¼pcBds. Red. 16.2.77 £5.2012
Castle Morpeth 10¼pcBds. Red. 16.2.77 £5.2012
Chester-Le-Street 10¼pcBds. Red. 16.2.77 £5.2012
East Hampshire 10¼pcBds. Red. 16.2.77 £5.2012
Eastbourne 10¼pcBds. Red. 16.2.77 £5.2012
Ebbw Vale 6¼pcBds. Red. 16.2.77 3⅛pc
Enfield 10¼pcBds. Red. 16.2.77 £5.2012
Ettrick and Lauderdale 10¼pcBds. Red. 16.2.77 £5.2012
Hartle Machinery International 0.9p
Hillingdon 10¼pcBds. Red. 16.2.77 £5.2012
Hounslow 10¼pcBds. Red. 16.2.77 £5.2012
Islwyn 10¼pcBds. Red. 16.2.77 £5.2012
Lambeth 10¼pcBds. Red. 16.2.77 £5.2012
Laup and House Prop. 2.03p
Leicester 10¼pcBds. Red. 16.2.77 £5.2012
Lichfield 10¼pcBds. Red. 16.2.77 £5.2012
Luton 10¼pcBds. Red. 16.2.77 £5.2012
Macclesfield 10¼pcBds. Red. 16.2.77 £5.2012
Mansfield 10¼pcBds. Red. 16.2.77 £5.2012
Middlesbrough 10¼pcBds. Red. 16.2.77 £5.2012
Mole Valley 10¼pcBds. Red. 16.2.77 £5.2012
Newham 10¼pcBds. Red. 16.2.77 £5.2012
North Warwickshire 10¼pcBds. Red. 16.2.77 £5.2012
Northern Goldsmiths 0.85p
Radnor 10¼pcBds. Red. 16.2.77 £5.2012
Renfrew 10¼pcBds. Red. 16.2.77 £5.2012
Rotherham 10¼pcBds. Red. 16.2.77 £5.2012
Smith Wallis 10
Solihull 10¼pcBds. Red. 16.2.77 £5.2012
South Herefordshire 10¼pcBds. Red. 16.2.77 £5.2012
Southampton 10¼pcBds. Red. 16.2.77 £5.2012
Southend-on-Sea 9¼pc Red. 81-83 4⅝pc
Stead and Simpson Ord. and A 0.55p
Test Valley 10¼pcBds. Red. 16.2.77 £5.2012
Three Rivers 10¼pcBds. Red. 16.2.77 £5.2012
Tunbridge Wells 10¼pcBds. Red. 16.2.77 £5.2012
Uniroyal 5pcPf. and 2ndPf. 5pc

THURSDAY, FEBRUARY 17

COMPANY MEETINGS—
Allied Breweries, London Hilton Hotel, 12
Caplan Profile, Winchester House, E.C. 11
Greenall Whitley, Daresbury, Cheshire, 12
Hickson and Welch, 140, Buckingham Palace Road 12
K Shoes, Kendal, 12

BOARD MEETINGS—
Finals:
Adams and Gibbon
H.T. Investments
Law Debenture Corp.
M.K. Refrigeration
Newbold and Burton
Whittingham (William)
Interims:
Nelson Estates
Weed (S. W.)

DIVIDEND & INTEREST PAYMENTS—
Clydesdale (Transvaal) Colls. 4.5 cts.
Griqualand Explor. and Fin. 115 cts.
Martin the Newsagent 2.3088p
Richards 0.727p
Sentrust 10 cts.

FRIDAY, FEBRUARY 18

COMPANY MEETINGS—
Stenhouse Holdings, Glasgow, 12
Yarrow, Glasgow 3

BOARD MEETING—
Final:
Lloyds Bank

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mtg. Corp. 10¾pcBds. Red. 18.2.77 £5.3296
Allerdale 11¼pcBds. Red. 24.8.77 5⅝pc
Anston 0.75p
Blaenau Gwent 11¼pcBds. Red. 24.8.77 5⅝pc
Braham Millar 0.8p
British Building and Engineering 1p
Caplan Profile 2.79p
City of Aberdeen Land Association 0.525p. Do. 2.475p
Combined Insurance Co. of America 20 cts.
Coventry 11¼pcBds. Red. 24.8.77 5⅝pc
Crean (James) 4.875p
Delson 1.5075p
Durham 11¼pcBds. Red. 24.8.77 5⅝pc
Dyfed 11¼pcBds. Red. 24.8.77 5⅝pc
Forest Heath 11¼pcBds. Red. 24.8.77 5⅝pc
Grimsby 0.9p
Greater London 11¼pcBds. Red. 24.8.77 5⅝pc
Greenall Whitley 1.2805p. A Ord. 0.25810
Guardian Invest. Trust Dbs. 2 and 2 (1958 iss.) pc
Hereford and Worcester 11¼pcBds. Red. 24.8.77 5⅝pc
Hertfordshire 11¼pcBds. Red. 24.8.77 5⅝pc
Hillingdon 11¼pcBds. Red. 24.8.77 5⅝pc
Huntingdon 11¼pcBds. Red. 24.8.77 5⅝pc
Kennet 11¼pcBds. Red. 24.8.77 5⅝pc
Kensington and Chelsea 11¼pcBds. Red. 24.8.77 5⅝pc
Lincolnshire 11¼pcBds. Red. 24.8.77 5⅝pc
Liverpool 11¼pcBds. Red. 24.8.77 5⅝pc
Lothian 11¼pcBds. Red. 24.8.77 5⅝pc
Merrill Lynch 20 cts.
Midland Bank Floating Rt. Cap. Notes 1983 (4pc) 2pc
Millbery 0.77424p
New Hibernia Investment Trust 0.7p
Newcastle upon Tyne 12¼pcBds. Red. 18.2.81 6⅛pc
Northampton 11¼pcBds. Red. 24.8.77 5⅝pc
Preseli 11¼pcBds. Red. 24.8.77 5⅝pc
St. Albans 11¼pcBds. Red. 24.8.77 5⅝pc
St. Helens 11¼pcBds. Red. 24.8.77 5⅝pc
South Herefordshire 11¼pcBds. Red. 24.8.77 5⅝pc
South Northamptonshire 11¼pcBds. Red. 24.8.77 5⅝pc
South Pembrokeshire 11¼pcBds. Red. 24.8.77 5⅝pc
South Ribble 11¼pcBds. Red. 24.8.77 5⅝pc
Stoke on Trent 11¼pcBds. Red. 24.8.77 5⅝pc
Tewkesbury 11¼pcBds. Red. 24.8.77 5⅝pc
Three Rivers 11¼pcBds. Red. 24.8.77 5⅝pc
Utico Holdings Pf. 4pc. Pf. 3¼pc
Walsall 11¼pcBds. Red. 24.8.77 5⅝pc

SATURDAY, FEBRUARY 19

DIVIDEND & INTEREST PAYMENTS—
Caterpillar Tractor 37½ cts.
Goldberg (A.) 1.1028p
Liner Concrete Machinery 0.87p

BANKING APPOINTMENTS

Commencing with the issue of 8th March Banking and Insurance Appointments advertisements will appear on Tuesdays and the heading will be expanded to include Legal Appointments

For further details contact:
James Jarratt
on
01-248 8000 Ext. 539

GENERAL APPOINTMENTS

COMPANY NOTICES

FLUIDRIVE ENGINEERING CO. LTD.

The Ordinary Share Transfer Books of the Company will be CLOSED 19th February to 2nd March, 1977, both dates inclusive.

By Order of the Board,
C. MERRY, Secretary

PERSONAL

OVER 40,000 SCHOOLS AND EDUCATIONAL ESTABLISHMENTS can be reached by mail. The Educational Addressing and Mailing Service, Derrow House, Redhill, Surrey, RH1 3DN. Merstham 2223.

LAYTON, Ralph, died 11 February 1976. In loving remembrance of my husband and friend, so greatly missed by Margaret Ann and Tessy. R.I.P.

CLASSIFIED ADVERTISEMENTS RATES

	Per line £	Single column cm £
Industrial & Business Premises	3.30	11.00
Businesses for Sale/Wanted	3.30	11.00
Residential Property	1.00	7.00
Appointments	3.30	11.00
Business & Investment Opportunities, Corporation Loans, Plant & Machinery, Production Capacity	4.00	13.00
Education, Motors, Contracts & Tenders, Personal, Gardening	3.00	10.00
Hotels & Travel	2.75	8.00
Book Publishers		6.00

Premium positions available £1.00 per single column cm extra (minimum size 40 column cms)

For further details write to:
Classified Advertisement Manager,
Financial Times, 10, Cannon Street, EC4P 4BY.

EDUCATIONAL

ENTERTAINMENT GUIDE

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
[illegible] 25S	Treasury 11½pc '77	100¼	25.3	11.49	11.30
[illegible] 15N	Treasury 3pc '77	95¼	11.10	3.15	5.66
[illegible] 15D	Transport 4pc '72-77	95	15.11	4.15	8.97
15S 15M	Treasury 9pc 1978	97½xd	9.5	9.25	11.13
[illegible] 14Ju	Treasury 10½pc '78	99¼	8.12	10.56	10.99
[illegible] 25S	Treasury 5pc '76-78	95⅞	20.6	5.27	8.45
3S 3M	Treasury 11½pc '79	99½xd	3.8	11.54	11.73
[illegible] 17S	Treasury 3pc '79	92½xd	11.8	3.51	6.97
[illegible] 25S	Electric 4½pc '74-79	90¾	20.5	4.60	8.25
1N 1N	Treasury 10½pc '79	97½	21.9	10.76	11.54
[illegible] 15N	Electric 3½pc '76-79	89⅝	11.10	3.91	7.74
3S 3M	Treasury 9pc 1980	96½xd	28.7	9.15	10.38
14N 14M	Treasury 9½pc '80	94½	2.10	10.02	11.45
15D 15J	Treasury 3½pc '77-80	88¼	8.11	3.94	7.37
15D 15J	Funding 5½pc '78-80	89¼	8.11	5.85	6.57
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 31¼% (based on $US1.7130 per £)

Conversion factor 0.7500 (0.7602)

CANADIANS

S.E. List Premium 31¼% (based on $1.7530 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicle

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ∮ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ψ Excluding a final dividend declaration.
- ✠ Regional price.
- ∥ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on [illegible] estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: ɑ ex dividend; ℞ ex scrip issue; ℟ ex rights; ɑ ex all; ℳ ex capital distribution.

"Recent Issues" and "Rights" Page 29

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	18	......
Ash Spinning	34	......
Bertam	16	......
Bdg'wtr. Est. 50p	140	−4
Clover Croft	21	......
Craig & Rose £1	360	......
Dyson (R.A.)	23	......
Ellis & McHdy.	59	......
Evans Fr'k. 10p	25	......
Evered	7½	+½
Fife Forge	49	......
Finlay Pkg 5p	26	......
Graig Ship £1	515	+25
Hallam Sleigh 10p	9½	......
Higsons Brew	80	−3
I.O.M. Stm. £1	135xd	......
Hall (Jos) 25p	200	......
Kleen-e-Ze	42	......
Lovell's Ship £1	180	......
N'thn Goldsmith	26	......
Pearce (C. H.)	80	−5
Peel Mills	18	......
Robb Caledon 5p	36	−2
Sayers 12½p	16	......
Sheffield Brick	78	−2
Sheff. Refrshmt.	140	......
Shiloh Spinn	22	......
Sindall (Wm.)	49	......

IRISH

Conv. 9% '80/82	£86½xd	−½
Alliance Gas	45	+2
Arnott	230	......
Carroll (P.J.)	135	......
Clondalkin	35	+2
Concrete Prods.	75	......
Heiton (Hldgs.)	25½	+2½
Ind. News	44	......
Ins. Corp.	130	......
Irish Distillers	50	......
Irish Ropes	105	......
Jacob	46	−1
Sunbeam	16	......
T.M.G.	110	−5
Unidare	50	−2

OPTIONS
3-month Call rates

Industrials

A. Brew	6½
A.P. Cement	18
B.S.R.	10
Babcock	8
Barclays Bank	25
Berry Wiggins	5
Beecham	32
Boots Drug	12
Bowaters	16
B.A.T.	21
British Oxygen	6
Brown (J.)	17
Burton 'A'	6
Cadburys	5
Coreenham	10
Courtaulds	10
Debenhams	8
Distillers	13
Dunlop	8½
Eagle Star	11
E.M.I.	20
Gen. Accident	17
Gen. Electric	17
Glaxa	36
Grand Met.	7
G.U.S. 'A'	18
Guardian	18
G.K.N.	25
Hawker Sidd.	40
House of Fraser	8
I.C.I.	25
"Imps"	7
I.C.L.	14
Inveresk	7
Ladbroke	11
Legal & Gen.	12
Lex Service	5
Lloyds Bank	22
"Lofs"	5
London Brick	5
Lonrho	8
Lucas Inds	20
"Mams"	7
Mrks & Spncr	10
Midland Bank	25
Nat West. Bank	22
Do Warrants	9
P & O Dfd.	12
Plessey	7
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	20
Reyrolle	12
Spillers	4
Tesco	4
Thorn 'A'	22
Trust Houses	13
Tube Invest.	30
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6

Property

Brit. Land	3½
Cap. Counties	3
E.P.	5
Intereuropean	7
Land Secs.	14
MEPC	7
Peachey	6
Samuel Props.	4½
Town & City	1½

Oils

Brit. Petroleum	60
Burmah Oil	8
Shell	20
Ultramar	14

Mines

Charter Cons.	15
Charterhall Fin.	4
Cons. Gold	15
Rio T. Zinc	18

FINANCIAL TIMES
Monday February 14 1977

Villiers backs two-tier pay plan

BY ADRIAN HAMILTON

SIR CHARLES VILLIERS, chairman of British Steel, has added his voice to the call for a two-tier element in the next phase of the Government's pay policy.

He is now pressing the Government to allow a substantial element for productivity in the policy, separating employees in manufacturing from those in service industries and in government.

And he is claiming that BSC's production could be raised by as much as 10 per cent., or 2m. tons a year, if he could give his workforce the monetary inducement.

Sir Charles' support for the idea of selective incentive payments for industry in the next round of wage restraint has the support of several union leaders who have been thinking on similar lines.

Unclear

It also has some sympathy within the CBI which is anxious to include productivity elements in Phase Three so long as they are properly monitored and basically applied to industry.

The Government response is so far unclear, partly because the Treasury still appears to be waiting for TUC suggestions before making up its mind on the form of further wage restraint.

But it is known to be thinking of making room for productivity clauses and is thought to be sympathetic to discrimination in favour of industry provided that the TUC can support it.

Sir Charles' views were put forcefully to this month's meeting of the National Economic Council.

He submitted a paper suggesting that there was little chance of the Industrial strategy achieving real progress unless people employed in manufacturing were given real incentives to increase output.

With the backing of the National Coal Board, BSC also emphasised the point at a meeting of the nationalised industry chairman with the Chancellor a month ago.

Both British Steel and the Coal Board feel that they could make genuine progress with such deals and they have prepared possible schemes with their unions.

Sir Charles argues that, by returning to pence per ton incentives, in addition to raising output, he could do much to consolidate the present plethora of payments in the industry and move to the more rational system of job evaluation.

Interview, Page 32

Treasury tried pay policy coup—Haines

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE TREASURY is accused to-day of trying to stampede through a statutory incomes policy in the summer of 1975 which, if it had succeeded, "would have been a civilian coup against the Government."

The claim is made by Mr. Joe Haines, Sir Harold Wilson's former Press Secretary, in his controversial new book.

Mr. Haines says the Treasury attempted to make the Government accept a compulsory incomes policy in less than 24 hours at the end of June 1975, in response to a very sharp fall in sterling which, he claims, they had done nothing to try to prevent.

He maintains that this Treasury initiative was stopped only a few hours before the statement to Parliament.

Three-card trick

In a long and strongly critical section on the role of the Treasury, Mr. Haines discusses a number of incidents in which both he and Dr. Bernard Donoughue, then, as now, head of the policy unit supplying political advice to the Prime Minister, clashed with the Treasury, notably on compulsory incomes policy.

Mr. Haines accuses the Treasury of being "custodians of the three-card trick" and of being "financial Fu Manchus" who have presided over, nurtured, cosseted and brought to flower almost every kind of crisis which can afflict a declining economy.

It is known that criticisms of the Treasury from No. 10 have not stopped with the departure of Sir Harold Wilson from Downing Street and were made particularly during the sterling crisis and the approach to the IMF last autumn.

MR. JOE HAINES. Critic of "financial Fu Manchus."

The book, published to-day, reveals for the first time in any detail the range and operations of the the policy unit at No. 10 and argues that the Central Policy Review Staff—the think tank—has become less effective since it has been "absorbed" into the Civil Service.

A large part of the book, which is entitled The Politics of Power, discusses the Civil Service, the Foreign Office, and Ireland as well as Mr. Haines' own scheme for selling council houses to tenants at reduced prices for their own life-time.

This idea was blocked in the end largely by politicians at the Department of the Environment because of alleged hostility among Labour councillors to a proposal for selling council houses.

Only about a third of the 222-page book deals with Mr. Haines' criticisms of the role of Lady Falkender (formerly Mrs. Marcia Williams) at Downing Street and in Sir Harold Wilson's "kitchen Cabinet."

Security question

After last week's arguments between all parties after the initial disclosures in the Daily Mirror, the second round began yesterday with a claim by Lady Falkender that Sir Harold suggested her for a life peerage in order to "do a Harvey Smith" at her newspaper critics.

Both Mr. Haines and Sir Harold are due to give TV interviews on the affair in the next few days, while Mr. Callaghan, the Prime Minister, is to face a number of Commons questions on the subject, in particular on the security vetting of Lady Falkender.

There is—somewhat ironically—hardly any discussion in the book apart from a few scattered references, to Mr. Haines' relations with the Press, even though he was Press Secretary for seven years and at times was reported to have had strained relationships with some newspapers and the Parliamentary Lobby.

The Politics of Power, Jonathon Cape, £4.95.

Tripartite talks start soon on Bullock report

BY JOHN ELLIOTT, MANAGEMENT EDITOR

THREE MONTHS of intensive consultations between the Government and both sides of industry on the Bullock Report are to start soon following a meeting to-morrow on the issue between the Prime Minister and leading representatives of the Confederation of British Industry.

The Government's objective in the consultations will be to try by the summer to find a formula for legislation which, while acceptable to the TUC, will provide sufficient flexibility to placate the CBI.

Some of the options will be spelt out at a conference in London to-day by Mr. Edmund Dell, Trade Secretary.

The key issues in the talks will hinge around whether all employees or just trade union members should be involved, whether there should be "parity" between shareholder and employee Board representatives, and whether the representatives should sit on a single-tier policy Board or on a supervisory level in a two-tier structure.

The TUC and CBI start off diametrically opposed on all three issues and each side has its sympathisers in the Cabinet.

One idea now being considered by Ministers is a trade-off in which the TUC's preference for a single-tier policy Board would be met if the unions agreed to have only a minority of worker representatives.

Wider powers

Alternatively, if the TUC insisted on parity as in the Bullock 2 X + Y formula, then it would be asked to accept that the representatives should sit on a supervisory Board. This Board would be given wider powers than those envisaged by the Bullock industrialists' minority report, but would still give the representatives less influence than if they sat on a single-tier Board.

Some ministers, as well as the CBI, would want the TUC to accept that all employees and not just trade unions should be involved. Mr. Dell and others are likely to point out during the coming weeks to the TUC that much of the opposition to the Bullock proposals would be defused if the TUC would accept that, democratically, no one should be disenfranchised.

The chances of the TUC accepting these options, however, seem slim. Trade unions have a deep suspicion of non-unionists and recent fringe organisations outside the TUC.

Similarly, there would be a lot of opposition in the TUC to a scheme which puts worker representatives either on Boards which did not take key corporate decisions or which did not give them sufficient voting strength to wield power.

Ministers are worried about the possible reactions of multi-national companies and are likely to stress in their later talks with TUC leaders that nothing must be introduced in legislation that would frighten foreign investment away from the U.K.

Alan Pike, of our Labour Staff, writes: A special TUC consultative conference before the end of June to consider the Bullock proposals was demanded yesterday by Mr. John Lyons, general secretary of the Electrical Power Engineers' Association, in a letter to Mr. Len Murray, TUC general secretary.

PLO ready to set up new state

BY PAUL LENDVAI

VIENNA, Feb. 13.

THE PALESTINE Liberation Organisation would be prepared to establish a state on territory evacuated by Israel as part of a peace settlement on the basis of non-belligerency, according to a document formally passed to Dr. Bruno Kreisky, the Austrian Chancellor, by a representative of the PLO.

Dr. Kreisky said to-night: "This is a crucial new element amounting to recognition in fact and it is now up to the Israeli Government to respond to the PLO initiative." The document was handed to the Chancellor last week in his capacity as the chairman of the Socialist International's fact-finding mission on the Middle East.

"A non-belligerent status could be established between the future State of Palestine and Israel," says the document. It appears to confirm—as reported by Dr. Kurt Waldheim, UN Secretary-General, in Jerusalem last week—that the PLO is now willing to accept a Palestinian "mini-State." But it includes not only the occupied West Bank and Gaza Strip but also two enclaves named as Himma and Auja.

Moreover, the document asserts that among the conditions necessary before a Palestinian State could have truly peaceful relations are the recognition of the right of every Palestinian to return to his home town and compensation for those who freely decided not to go back.

"The Palestinian commitment to a peaceful solution marks a historic breakthrough and should be supported by all interested parties in order to translate the dream of peace into reality," according to the text of the document first published here to-day by the newspaper *Arbeiter Zeitung*.

Continued from Page 1

Pay policy talks

compounded by the fact that industry is likely to demand certain fairly specific assurances about how the new system will work as soon as it is announced.

It would like these assurances written into any consultative document. But the Department of Prices cannot delay publishing its proposals much longer because of the need to get them through Parliament before July 31 when the present code runs out.

Under the present system, there are certain rigid rules relating both to the size of any permissible price increase and to profit margins. But under the new scheme, prices would be judged by a new prices agency against far less specific criteria.

Unless some change is made in the next few days, the consultative document is unlikely to define with any precision what the maximum level of acceptable profit will be.

Instead it will use words like "reasonable." This may apply to the use of resources as well as to profitability, though the TUC may be hostile to any suggestion that the prices agency should look at the use of labour as well as the use of other resources.

The worry in industry is that the system could be abused so the CBI is likely to want certain checks written into the legislation.

For a start, the CBI is likely to resist any suggestion that the Minister should have the power to enforce any recommendations made by the agency on general references.

The other worry is how companies will be able to plan for the future if they do not have any idea of whether or not the agency is going to want to examine their prices.

For this reason, industry may ask the Government to include some "trip wires" in the controls.

As long as companies kept within these ceilings, they would know that they would not be investigated by the monitoring agency.

One suggestion is that these "trip wires" should be related to the present safety-nets in the Price Code which allow companies to raise their prices by more than would be normally allowed if their return on capital falls below a certain point.

Another idea is that some global figure should be agreed and that companies would be free to raise their prices by this amount without reference to the agency.

Industry is also likely to stress the need for industrial representation on the price monitoring agency.

It will also probably oppose any suggestion that companies should have their prices frozen during an investigation and that companies should be consulted before a full inquiry is initiated.

Weather

U.K. TO-DAY

SHOWERS in S. and W. but brighter in E. areas.

London, S.E., S.W., Cent. S. England, W. Midlands, Channel Is., Wales
Bright intervals and showers, heavy and prolonged at times. Max. 7-9C (45-48F).

E. Anglia, E. Midlands
Bright intervals, occasional showers. Max. 7C (45F).

E., Cent. N., N.E. England
Local fog and frost early. Sunny intervals. Some showers. Max. 6C (43F).

N.W. England, Lakes, I. of Man, S.W. Scotland, Glasgow, N. Ireland
Local fog and frost early. Bright intervals, showers, locally heavy. Max. 7C (45F).

Borders, Edinburgh, Dundee, Aberdeen, Moray Firth, N.E. Scotland
Frost early. Sunny intervals, isolated showers. Max. 5C (41F).

Highlands, Argyll, N.W. Scotland
Frost early. Bright intervals. Showers, heavy at times, wintry over hills. Max. 6C (43F).

Orkney, Shetland
Bright intervals, slight rain or sleet at times. Max. 3C (37F).

Outlook: Changeable.

BUSINESS CENTRES

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Alxndria.	F	24	75	Madrid	R	5	41
Amstrdm.	C	7	45	Manchestr.	C	5	43
Athens	S	19	66	Melbourne	R	19	64
Barcelona	S	15	55	Mexico C.	S	20	68
Beirut	S	20	68	Milan	C	6	43
Belfast	C	6	43	Montreal	R	0	32
Belgrade	S	13	55	Moscow	S	−13	9
Berlin	C	2	36	Munich	C	7	45
Brmghm.	C	5	43	Newcastle	C	4	39
Bristol	S	9	48	New York	H	9	48
Brussels	C	7	45	Oslo	Sn	−9	16
Budapest	C	8	46	Paris	C	9	48
B. Aires	C	25	77	Perth	S	26	79
Cairo	S	28	82	Prague	F	6	43
Cardiff	S	8	46	Reykjavik	S	−1	30
Cologne	C	7	45	Rio de J'o	S	34	93
Copnhagn.	C	3	37	Rome	T	7	45
Dublin	S	8	46	Singapore	C	29	84
Edinb'rgh	C	5	41	Stockhlm.	Sn	−6	21
Frankfurt	C	7	45	Strasbrg.	F	8	46
Geneva	S	7	45	Sydney	C	26	79
Glasgow	C	4	39	Tehran	S	10	50
Helsinki	S	−15	5	Tel Aviv	S	22	72
H. Kong	S	20	68	Tokyo	S	8	46
Jo'burg	S	26	79	Toronto	C	3	37
Lisbon	R	11	52	Vienna	R	8	46
London	F	9	48	Warsaw	S	2	36
Luxemb'g	C	5	41	Zurich	F	6	43

HOLIDAY RESORTS

Ajaccio	F	14	57	Istanbul	C	15	59
Algiers	C	14	57	Jersey	S	9	48
Biarritz	C	11	52	Las Plms	S	18	64
Blackpool	C	6	43	Locarno	F	8	46
Bordeaux	S	11	52	Luxor	F	31	88
Boulogne	F	6	43	Majorca	F	12	54
Casablnca	F	14	57	Malaga	C	13	55
Cape Town	S	25	77	Malta	C	13	55
Corfu	C	16	61	Nairobi	S	23	73
Cyprus	S	18	64	Naples	C	12	54
Dubrovnik	C	14	57	Nice	S	14	57
Faro	F	14	57	Oporto	R	9	48
Florence	F	14	57	Rhodes	F	18	64
Funchal	S	18	64	Salzburg	F	4	40
Gibraltar	F	15	59	Tangier	C	13	55
Guernsey	S	8	46	Tunis	C	13	55
Innsbruck	F	5	41	Valencia	F	11	52
Inverness	S	8	46	Venice	F	10	50
Isle of Man	C	7	45				

S—Sunny. F—Fair. H—Hazy. C—Cloudy. R—Rain. T—Thunderstorm. Sn—Snow.

Waldheim arranges Cyprus talks

By Dominic J. Coyle and Michael Tingay

NICOSIA, Feb. 13.

NEGOTIATIONS BETWEEN the two communities in Cyprus are to resume under the auspices of Dr. Kurt Waldheim, the UN Secretary-General, in Vienna towards the end of next month.

The aim will be to secure a final peace settlement in Cyprus after the 1974 Turkish invasion.

Dr. Waldheim won this limited measure of agreement during a four-hour meeting here last night with President Makarios and Mr. Rauf Denktash, the Turkish-Cypriot leader. To-day he said he was confident that there was now a real chance to solve the Cyprus problem.

He based this optimism on the fact that the two Cypriot leaders had "for the first time" shown a willingness to enter talks on substantive issues, notably the size of the areas to be controlled by each community and the constitutional nature of any agreed political settlement.

In separate Press conferences to-day, both President Makarios and Mr. Denktash welcomed the possibility of reaching a final settlement. Each insisted that he was sincere and genuine in trying to get an agreement.

Neither man, however, sought to minimise the considerable differences which still divide them.

The two leaders will not be participating directly in the Vienna talks, but will be represented by negotiators. An agreed document has been worked out with Dr. Waldheim which apparently sets out general principles to be reflected in any final solution and also contains "guidelines" which will form the basis for the resumed negotiations.

Dr. Waldheim said that his talks with the President and Mr. Denktash were conducted in a spirit of goodwill and friendship, but had been "very frank and sometimes tough." The contents of the agreed document, which had not been signed by the two parties, had been gone over virtually word by word.

Despite this seemingly new mood of friendship and cooperation between the two Cypriot leaders, there are few signs as yet that either side is considering substantial concessions on major issues.

Thatcher attacks industrial policy

By Richard Evans, Lobby Editor

MRS. MARGARET THATCHER accused the Government yesterday of conducting a vendetta against some companies in the private sector through its industrial and taxation policies.

In a speech orchestrating a series of week-end attacks by members of the "shadow" Cabinet on the Government's handling of the economy, the Conservative leader spoke of Labour's "despicable" record over the past three years.

"No Conservative Government of the post-war period has an economic record to touch the despicable record of this Government in badness. We never had a level of inflation at the continuing levels this Government has, and we would have been turned out long before this if we had had these levels of unemployment," she told the Young Conservatives conference at Eastbourne.

The nature of the Government's economic planning was now on too large a scale and had become too remote, she claimed. And in the private sector Government policies had lost jobs which had not been replaced in the public industries.

Vulnerable

The renewed attack on Ministers follows growing signs that the Government is suddenly more vulnerable because of the row surfacing over the next stage of the pay policy, growing Labour Party and trade union alarm at forecasts of higher unemployment, and the low morale among Labour MPs caused by the Parliamentary impasse over devolution.

After fears among the Tory leadership that the Government might be able to stay in office for an indefinite period, there is now hope that the Callaghan administration may crumble surprisingly quickly.

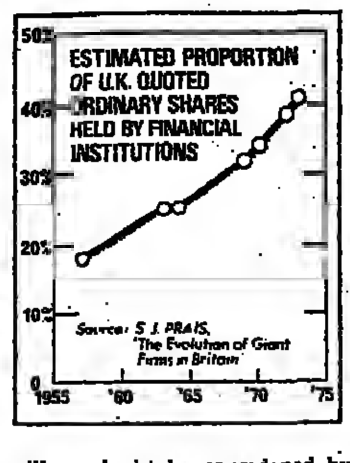
In her speech Mrs. Thatcher claimed that the gap between the two major parties had never been greater and the difference between political philosophies was going to become "ever more crucial." The basic Tory approach would be that politicians were above all concerned with the rights and freedoms of the individual, the family and the local community and how to protect these rights.

THE LEX COLUMN

The future role of the institutions

Over the last 25 years political and social trends bolstered by the tax system have produced massive changes in the structure of the long-term savings market, leading to an enormously increased role for the financial institutions. In the five years 1971-75, for example, the personal sector disposed of a net £7.1bn. of company securities, and put £15.4bn. into life assurance companies and pension funds.

The trend apparently continues unchecked. In the first nine months of 1976 persons unloaded a further £0.88bn. of company securities, while entrusting another £4.2bn. to these institutions—which invested £1.23bn. of the funds in Ordinary shares. Pension funds are trying to swallow up whole investment trusts. It has been estimated that by the early 1970s the share of all U.K. quoted equities held by the long-term institutions reached two-fifths, and the proportion could easily now be approaching 50 per cent.



Little thought has been given to the longer term consequences of these developments. For the stock market they are grim: not only is the level of activity in Ordinary shares tending to fall, but price movements are becoming wilder as the big funds attempt to trade large blocks in unison. Eventually the Stock Exchange could cease to function effectively as a mechanism for setting fair market prices.

For industry the preference of big funds for big companies has given a fillip to the process of aggregation. In contrast, small companies no longer find attractions in going public, and some already quoted have sought ways of reverting to an unlisted status.

Dividend controls

And the gradual numerical elimination of the private stock market investor has meant that shareholders have largely lost their political influence, which the institutions have scarcely tried to rebuild. Hence the fact that years of controls have left dividends even for prosperous companies lagging seriously behind both inflation and wages, while the Bullock Committee has recommended stripping shareholders of many of their rights, and the institutions themselves are threatened with nationalisation.

All these are questions which will no doubt be considered by the Wilson Committee. Significantly, this includes four trade unionists and a number of academics and industrialists, but only one institutional representative—Mr. Gordon Bayley of National Provident Institution. Other major fund management groups like the pension funds, investment trusts and merchant banks have no direct voice, though of course they will be giving evidence; the various categories are to present their preliminary ideas by the end of next month.

There are a number of possible approaches, which can, perhaps, be divided into three categories. The first is to accept the long term trend, and carve out a role for the large institutions within a restructured financial system. The vestigial stock market would have little relevance; institutions would accept that they were locked in as long term investors, and larger companies would raise new capital through syndicated arrangements on negotiated terms. Small companies would be financed by new intermediaries which would parcel out capital subscribed by the major funds—an extension of the Equity Capital for Industry concept.

Such a system would not be so very different from those which have worked well enough in some other advanced economies—on the Continent, for instance. But there would be a serious danger that the institutions would become locked into—and absorbed by—a corporate state set-up. Politically, it does not seem likely that the institutions would be able to exercise effective control over their investments; they would not even be able to sell out. It might be argued that in exchange for the tax reliefs which have stimulated their growth the insurance and pension funds would feel obliged to go along with Government policy.

The second alternative could be described as a palliative approach. This would involve limiting the size of individual institutions in order that a reasonably free market in securities could be maintained. In this way funds could continue to be able to manage themselves on a purely investment basis, buying and selling without any particular obligation to the companies whose shares they owned.

To ensure the stability of this system it would be necessary to organise a much more effective voice for the institutions, which cannot expect much help from any political party. Somehow the support of policyholders—who, after all, run into many millions—would need to be enlisted.

The private shareholder would, moreover, need to be given encouragement. Already the Stock Exchange Council has begun expressing concern about the decline of the small investor, and after a phase in which the minimum commission has been steeply increased it is significant that the Talisman tariff announced last week involves cross-subsidisation in favour of the small bargain. But any substantial revival of stock market investment by private individuals would require more sweeping changes.

Revolutionary

This leads on to the third revolutionary approach which is to try to reverse the forces which have progressively gripped the capital market since the last war. The most important single step would be to halt the growth of the funded pension schemes which are now pulling in more cash than the life offices. Individuals would be encouraged to manage their own investments, which would mean ending the anomaly by which personal savings are liable to heavy income and capital gains taxes, while pension funds get off scot free.

At this stage, however, such a radical change is in the realms of fantasy. The institutions may be nervous about their future role, but they are not going to be happy about a solution which would involve their partial dismemberment. All the same, the sectional interests of financial institutions should not be allowed to confuse the basic debate about the channelling of savings in the best interests of the economy at large.

Registered at the Post Office. Printed by St. Clement's Press for and published by The Financial Times Ltd., Bracken House, Cannon Street, London EC4P 4BY.